Section 1: 10-Q (10-Q - 3.31.2019)

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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2019

or

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

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

____

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

____

DELAWARE (CBL & ASSOCIATES PROPERTIES, INC.)	**62-1545718**
DELAWARE (CBL & ASSOCIATES LIMITED PARTNERSHIP)	**62-1542285**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

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

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically 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).

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

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

CBL & Associates Properties, Inc.

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

CBL & Associates Limited Partnership

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).

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

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

CBL & Associates Properties, Inc.

Title of each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	CBL	New York Stock Exchange
7.375% Series D Cumulative Redeemable Preferred Stock, $0.01 par value	CBLprD	New York Stock Exchange
6.625% Series E Cumulative Redeemable Preferred Stock, $0.01 par value	CBLprE	New York Stock Exchange

CBL & Associates Limited Partnership: None

As of May 7, 2019, there were 173,475,641 shares of CBL & Associates Properties, Inc.'s common stock, par value $0.01 per share, outstanding.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended March 31, 2019 of CBL & Associates Properties, Inc. and CBL & Associates Limited Partnership. Unless stated otherwise or the context otherwise requires, references to the "Company" mean CBL & Associates Properties, Inc. and its subsidiaries. References to the "Operating Partnership" mean CBL & Associates Limited Partnership and its subsidiaries. The terms "we," "us" and "our" refer to the Company or the Company and the Operating Partnership collectively, as the context requires.

The Company is a real estate investment trust ("REIT") whose stock is traded on the New York Stock Exchange. The Company is the 100% owner of two qualified REIT subsidiaries, CBL Holdings I, Inc. and CBL Holdings II, Inc. At March 31, 2019, CBL Holdings I, Inc., the sole general partner of the Operating Partnership, owned a 1.0% general partner interest in the Operating Partnership and CBL Holdings II, Inc. owned an 85.6% limited partner interest for a combined interest held by the Company of 86.6%.

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

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

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

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

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

- condensed consolidated financial statements;
- certain accompanying notes to condensed consolidated financial statements, including Note 7 - Unconsolidated Affiliates and Noncontrolling Interests; Note 8 - Mortgage and Other Indebtedness, Net; and Note 11 - Earnings per Share and Earnings per Unit;
- controls and procedures in Item 4 of Part I of this report;
- information concerning unregistered sales of equity securities and use of proceeds in Item 2 of Part II of this report; and
- certifications of the Chief Executive Officer and Chief Financial Officer included as Exhibits 31.1 through 32.4.

Combined Guarantor Subsidiaries of the Operating Partnership

In January 2019, the Operating Partnership entered into a new $1,185,000 senior secured credit facility which replaced all of the Operating Partnership's prior unsecured bank facilities. The secured credit facility is secured by 17 malls and 3 associated centers that are directly or indirectly owned by 36 wholly owned subsidiaries of the Operating Partnership (collectively the "Combined Guarantor Subsidiaries"). The Combined Guarantor Subsidiaries own an additional five malls, one associated center and four mortgage notes receivable that are not collateral for the secured credit facility. The properties that are collateral for the secured credit facility and the properties and mortgage notes receivable that are not collateral are collectively referred to as the "Guarantor Properties." In addition to the secured credit facility, the Operating Partnership's debt includes three separate series of senior unsecured notes (the "Notes"). Based on the terms of the Notes, to the extent that any subsidiary of the Operating Partnership executes and delivers a guarantee to another debt facility, the Operating Partnership shall also cause the subsidiary to guarantee the Operating Partnership's obligations under the Notes on a senior basis. In January 2019, the Combined Guarantor Subsidiaries entered a guarantee agreement with the issuer of the Notes to satisfy the guaranty requirement.

This report also includes as an exhibit the combined financial statements and notes to the combined financial statements of the Combined Guarantor Subsidiaries. Each of the Combined Guarantor Subsidiaries meet the criteria in Rule 3-10(f) of SEC Regulation S-X to provide condensed consolidating financial information as additional disclosure in the notes to the Operating Partnership's condensed consolidated financial statements because each Combined Guarantor Subsidiary is 100% owned by the Operating Partnership, the guaranty issued by each Combined Guarantor Subsidiary is full and unconditional and the guaranty issued by each Combined Guarantor Subsidiary is joint and several. However, the Operating Partnership has elected to provide combined financial statements and accompanying notes for the Combined Guarantor Subsidiaries in lieu of including the condensed consolidating financial information in the notes to its condensed consolidated financial statements. These combined financial statements and notes are presented as an exhibit to this quarterly report on Form 10-Q for ease of reference.

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

ITEM 1: Financial Statements

CBL & Associates Properties, Inc.

Condensed Consolidated Balance Sheets

(In thousands, except share data)

(Unaudited)

ASSETS (1)	March 31, 2019	December 31, 2018
Real estate assets:		
Land	$ **783,055**	$ 793,944
Buildings and improvements	**6,248,286**	6,414,886
	7,031,341	7,208,830
Accumulated depreciation	**(2,478,821)**	(2,493,082)
	4,552,520	4,715,748
Held for sale	**14,171**	30,971
Developments in progress	**56,273**	38,807
Net investment in real estate assets	**4,622,964**	4,785,526
Cash and cash equivalents	**21,055**	25,138
Receivables:		
Tenant, net of allowance for doubtful accounts of $2,337 in 2018	**71,358**	77,788
Other, net of allowance for doubtful accounts of $838 in 2018	**9,855**	7,511
Mortgage and other notes receivable	**7,406**	7,672
Investments in unconsolidated affiliates	**277,357**	283,553
Intangible lease assets and other assets	**151,953**	153,665
	$ **5,161,948**	$ 5,340,853
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Mortgage and other indebtedness, net	$ **3,898,550**	$ 4,043,180
Accounts payable and accrued liabilities	**277,256**	218,217
Liabilities related to assets held for sale	**24,653**	43,716
Total liabilities (1)	**4,200,459**	4,305,113
Commitments and contingencies (Note 8 and Note 12)		
Redeemable noncontrolling interests	**3,017**	3,575
Shareholders' equity:		
Preferred stock, $.01 par value, 15,000,000 shares authorized:		
7.375% Series D Cumulative Redeemable Preferred Stock, 1,815,000 shares outstanding	**18**	18
6.625% Series E Cumulative Redeemable Preferred Stock, 690,000 shares outstanding	**7**	7
Common stock, $.01 par value, 350,000,000 shares authorized, 173,461,976 and 172,656,458 issued and outstanding in 2019 and 2018, respectively	**1,735**	1,727
Additional paid-in capital	**1,967,845**	1,968,280
Dividends in excess of cumulative earnings	**(1,069,104)**	(1,005,895)
Total shareholders' equity	**900,501**	964,137
Noncontrolling interests	**57,971**	68,028
Total equity	**958,472**	1,032,165
	$ **5,161,948**	$ 5,340,853

(1) As of March 31, 2019, includes $609,856 of assets related to consolidated variable interest entities that can be used only to settle obligations of the consolidated variable interest entities and $406,466 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 March 31,	
	2019	2018
REVENUES:		
Rental revenues	$ 190,980	$ 212,729
Management, development and leasing fees	2,523	2,721
Other	4,527	4,750
Total revenues	198,030	220,200
OPERATING EXPENSES:		
Property operating	(28,980)	(32,826)
Depreciation and amortization	(69,792)	(71,750)
Real estate taxes	(19,919)	(21,848)
Maintenance and repairs	(12,776)	(13,179)
General and administrative	(22,007)	(18,304)
Loss on impairment	(24,825)	(18,061)
Litigation settlement	(88,150)	—
Other	—	(94)
Total operating expenses	(266,449)	(176,062)
OTHER INCOME (EXPENSES):		
Interest and other income	489	213
Interest expense	(53,998)	(53,767)
Gain on extinguishment of debt	71,722	—
Gain on sales of real estate assets	228	4,371
Income tax benefit (provision)	(139)	645
Equity in earnings of unconsolidated affiliates	3,308	3,739
Total other income (expenses)	21,610	(44,799)
Net loss	(46,809)	(661)
Net (income) loss attributable to noncontrolling interests in:		
Operating Partnership	7,758	1,665
Other consolidated subsidiaries	75	(101)
Net income (loss) attributable to the Company	(38,976)	903
Preferred dividends	(11,223)	(11,223)
Net loss attributable to common shareholders	$ (50,199)	$ (10,320)
Basic and diluted per share data attributable to common shareholders:		
Net loss attributable to common shareholders	$ (0.29)	$ (0.06)
Weighted-average common and potential dilutive common shares outstanding	173,252	171,943

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						
	Redeemable Noncontrolling Interests	Preferred Stock	Common Stock	Additional Paid-in Capital	Dividends in Excess of Cumulative Earnings	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance, January 1, 2018	**$ 8,835**	**$ 25**	**$ 1,711**	**$1,974,537**	**$ (836,269)**	**$ 1,140,004**	**$ 96,474**	**$1,236,478**
Net income (loss)	(94)	—	—	—	903	**903**	(1,470)	**(567)**
Cumulative effect of accounting change	—	—	—	—	70,380	**70,380**	—	**70,380**
Dividends declared - common stock ($0.200 per share)	—	—	—	—	(34,531)	**(34,531)**	—	**(34,531)**
Dividends declared - preferred stock	—	—	—	—	(11,223)	**(11,223)**	—	**(11,223)**
Issuances of 700,534 shares of common stock and restricted common stock	—	—	7	734	—	**741**	—	**741**
Conversion of 915,338 Operating Partnership common units into shares of common stock	—	—	9	3,050	—	**3,059**	(3,059)	**—**
Cancellation of 47,867 shares of restricted common stock	—	—	—	(233)	—	**(233)**	—	**(233)**
Performance stock units	—	—	—	419	—	**419**	—	**419**
Amortization of deferred compensation	—	—	—	1,196	—	**1,196**	—	**1,196**
Adjustment for noncontrolling interests	1,399	—	—	(11,737)	—	**(11,737)**	10,338	**(1,399)**
Adjustment to record redeemable noncontrolling interests at redemption value	(2,530)	—	—	2,203	—	**2,203**	328	**2,531**
Distributions to noncontrolling interests	(1,143)	—	—	—	—	**—**	(7,804)	**(7,804)**
Balance, March 31, 2018	**$ 6,467**	**$ 25**	**$ 1,727**	**$1,970,169**	**$ (810,740)**	**$ 1,161,181**	**$ 94,807**	**$1,255,988**

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

		Equity						
		Shareholders' Equity						
	Redeemable Noncontrolling Interests	Preferred Stock	Common Stock	Additional Paid-in Capital	Dividends in Excess of Cumulative Earnings	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance, January 1, 2019	**$ 3,575**	**$ 25**	**$ 1,727**	**$1,968,280**	**$(1,005,895)**	**$ 964,137**	**$ 68,028**	**$1,032,165**
Net loss	(453)	—	—	—	(38,976)	**(38,976)**	(7,380)	**(46,356)**
Dividends declared - common stock ($0.075 per share)	—	—	—	—	(13,010)	**(13,010)**	—	**(13,010)**
Dividends declared - preferred stock	—	—	—	—	(11,223)	**(11,223)**	—	**(11,223)**
Issuances of 863,174 shares of common stock and restricted common stock	—	—	9	708	—	**717**	—	**717**
Cancellation of 57,656 shares of restricted common stock	—	—	(1)	(133)	—	**(134)**	—	**(134)**
Performance stock units	—	—	—	313	—	**313**	—	**313**
Amortization of deferred compensation	—	—	—	1,033	—	**1,033**	—	**1,033**
Adjustment for noncontrolling interests	1,038	—	—	(2,356)	—	**(2,356)**	1,318	**(1,038)**
Contributions from noncontrolling interests	—	—	—	—	—	**—**	455	**455**
Distributions to noncontrolling interests	(1,143)	—	—	—	—	**—**	(4,450)	**(4,450)**
Balance, March 31, 2019	**$ 3,017**	**$ 25**	**$ 1,735**	**$1,967,845**	**$(1,069,104)**	**$ 900,501**	**$ 57,971**	**$ 958,472**

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)

	Three Months Ended March 31,	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	**$ (46,809)**	$ (661)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	**69,792**	71,750
Net amortization of deferred financing costs, debt premiums and discounts	**2,304**	1,709
Net amortization of intangible lease assets and liabilities	**(551)**	(475)
Gain on sales of real estate assets	**(228)**	(4,371)
Gain on insurance proceeds	**(690)**	—
Write-off of development projects	**—**	94
Share-based compensation expense	**2,043**	2,314
Loss on impairment	**24,825**	18,061
Gain on extinguishment of debt	**(71,722)**	—
Equity in earnings of unconsolidated affiliates	**(3,308)**	(3,739)
Distributions of earnings from unconsolidated affiliates	**5,671**	4,011
Change in estimate of uncollectable rental revenues	**1,540**	2,041
Change in deferred tax accounts	**63**	(629)
Changes in:		
Tenant and other receivables	**(387)**	1,826
Other assets	**(3,826)**	(2,339)
Accounts payable and accrued liabilities	**76,771**	8,635
Net cash provided by operating activities	**55,488**	98,227
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to real estate assets	**(26,429)**	(39,997)
Proceeds from sales of real estate assets	**35,260**	11,848
Proceeds from insurance	**548**	—
Payments received on mortgage and other notes receivable	**266**	267
Additional investments in and advances to unconsolidated affiliates	**(566)**	(1,232)
Distributions in excess of equity in earnings of unconsolidated affiliates	**4,979**	2,859
Changes in other assets	**(321)**	(2,277)
Net cash provided by (used in) investing activities	**13,737**	(28,532)

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

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from mortgage and other indebtedness	**$ 941,217**	$ 99,160
Principal payments on mortgage and other indebtedness	**(978,006)**	(123,634)
Additions to deferred financing costs	**(15,107)**	(98)
Proceeds from issuances of common stock	**17**	41
Contributions from noncontrolling interests	**455**	—
Payment of tax withholdings for restricted stock awards	**(132)**	(231)
Distributions to noncontrolling interests	**(5,593)**	(9,130)
Dividends paid to holders of preferred stock	**(11,223)**	(11,223)
Dividends paid to common shareholders	**(12,949)**	(34,217)
Net cash used in financing activities	**(81,321)**	(79,332)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**(12,096)**	(9,637)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of period	**57,512**	68,172
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period	**$ 45,416**	$ 58,535
Reconciliation from condensed consolidated statements of cash flows to condensed consolidated balance sheets:		
Cash and cash equivalents	**$ 21,055**	$ 23,346
Restricted cash (1):		
Restricted cash	**79**	3,212
Mortgage escrows	**24,282**	31,977
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period	**$ 45,416**	$ 58,535
SUPPLEMENTAL INFORMATION:		
Cash paid for interest, net of amounts capitalized	**$ 35,659**	$ 34,896

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

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

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

ASSETS (1)	March 31, 2019	December 31, 2018
Real estate assets:		
Land	$ **783,055**	$ 793,944
Buildings and improvements	**6,248,286**	6,414,886
	7,031,341	7,208,830
Accumulated depreciation	**(2,478,821)**	(2,493,082)
	4,552,520	4,715,748
Held for sale	**14,171**	30,971
Developments in progress	**56,273**	38,807
Net investment in real estate assets	**4,622,964**	4,785,526
Cash and cash equivalents	**21,054**	25,138
Receivables:		
Tenant, net of allowance for doubtful accounts of $2,337 in 2018	**71,358**	77,788
Other, net of allowance for doubtful accounts of $838 in 2018	**9,807**	7,462
Mortgage and other notes receivable	**7,406**	7,672
Investments in unconsolidated affiliates	**277,890**	284,086
Intangible lease assets and other assets	**151,834**	153,545
	$ **5,162,313**	$ 5,341,217
LIABILITIES, REDEEMABLE INTERESTS AND CAPITAL		
Mortgage and other indebtedness, net	$ **3,898,550**	$ 4,043,180
Accounts payable and accrued liabilities	**277,328**	218,288
Liabilities related to assets held for sale	**24,653**	43,716
Total liabilities (1)	**4,200,531**	4,305,184
Commitments and contingencies (Note 8 and Note 12)		
Redeemable common units	**3,017**	3,575
Partners' capital:		
Preferred units	**565,212**	565,212
Common units:		
General partner	**3,874**	4,628
Limited partners	**378,600**	450,507
Total partners' capital	**947,686**	1,020,347
Noncontrolling interests	**11,079**	12,111
Total capital	**958,765**	1,032,458
	$ **5,162,313**	$ 5,341,217

(1) As of March 31, 2019, includes $609,856 of assets related to consolidated variable interest entities that can only be used to settle obligations of the consolidated variable interest entities and $406,466 of liabilities of consolidated variable interest entities for which creditors do not have recourse to the general credit of the Operating Partnership. See Note 7.

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

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

	Three Months Ended March 31,	
	2019	**2018**
REVENUES:		
Rental revenues	**$ 190,980**	$ 212,729
Management, development and leasing fees	**2,523**	2,721
Other	**4,527**	4,750
Total revenues	**198,030**	220,200
OPERATING EXPENSES:		
Property operating	**(28,980)**	(32,826)
Depreciation and amortization	**(69,792)**	(71,750)
Real estate taxes	**(19,919)**	(21,848)
Maintenance and repairs	**(12,776)**	(13,179)
General and administrative	**(22,007)**	(18,304)
Loss on impairment	**(24,825)**	(18,061)
Litigation settlement	**(88,150)**	—
Other	**—**	(94)
Total operating expenses	**(266,449)**	(176,062)
OTHER INCOME (EXPENSES):		
Interest and other income	**489**	213
Interest expense	**(53,998)**	(53,767)
Gain on extinguishment of debt	**71,722**	—
Gain on sales of real estate assets	**228**	4,371
Income tax benefit (provision)	**(139)**	645
Equity in earnings of unconsolidated affiliates	**3,308**	3,739
Total other income (expenses)	**21,610**	(44,799)
Net loss	**(46,809)**	(661)
Net (income) loss attributable to noncontrolling interests	**75**	(101)
Net loss attributable to the Operating Partnership	**(46,734)**	(762)
Distributions to preferred unitholders	**(11,223)**	(11,223)
Net loss attributable to common unitholders	**$ (57,957)**	$ (11,985)
Basic and diluted per unit data attributable to common unitholders:		
Net loss attributable to common unitholders	**$ (0.29)**	$ (0.06)
Weighted-average common and potential dilutive common units outstanding	**200,010**	199,694

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

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

		Number of			Common Units				
	Redeemable Common Units	Preferred Units	Common Units	Preferred Units	General Partner	Limited Partners	Total Partners' Capital	Noncontrolling Interests	Total Capital
Balance, January 1, 2018	**$ 8,835**	**25,050**	**199,297**	**$ 565,212**	**$ 6,735**	**$655,120**	**$1,227,067**	**$ 9,701**	**$1,236,768**
Net income (loss)	(94)	—	—	11,223	(122)	(11,769)	**(668)**	101	**(567)**
Cumulative effect of accounting change	—	—	—	—	722	69,658	**70,380**	—	**70,380**
Distributions declared - common units ($0.209 per unit)	(1,143)	—	—	—	(402)	(40,215)	**(40,617)**	—	**(40,617)**
Distributions declared - preferred units	—	—	—	(11,223)	—	—	**(11,223)**	—	**(11,223)**
Issuances of common units	—	—	701	—	—	741	**741**	—	**741**
Cancellation of restricted common stock	—	—	(48)	—	—	(233)	**(233)**	—	**(233)**
Performance stock units	—	—	—	—	4	415	**419**	—	**419**
Amortization of deferred compensation	—	—	—	—	12	1,184	**1,196**	—	**1,196**
Allocation of partners' capital	1,399	—	—	—	(48)	(1,353)	**(1,401)**	—	**(1,401)**
Adjustment to record redeemable interests at redemption value	(2,530)	—	—	—	26	2,505	**2,531**	—	**2,531**
Distributions to noncontrolling interests	—	—	—	—	—	—	**—**	(1,718)	**(1,718)**
Balance, March 31, 2018	**$ 6,467**	**25,050**	**199,950**	**$ 565,212**	**$ 6,927**	**$676,053**	**$1,248,192**	**$ 8,084**	**$1,256,276**

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

		Number of			Common Units				
	Redeemable Common Units	Preferred Units	Common Units	Preferred Units	General Partner	Limited Partners	Total Partners' Capital	Noncontrolling Interests	Total Capital
Balance, January 1, 2019	**$ 3,575**	**25,050**	**199,415**	**$ 565,212**	**$ 4,628**	**$450,507**	**$1,020,347**	**$ 12,111**	**$1,032,458**
Net income (loss)	(453)	—	—	11,223	(590)	(56,914)	**(46,281)**	(75)	**(46,356)**
Distributions declared - common units ($0.086 per unit)	(1,143)	—	—	—	(151)	(15,897)	**(16,048)**	—	**(16,048)**
Distributions declared - preferred units	—	—	—	(11,223)	—	—	**(11,223)**	—	**(11,223)**
Issuances of common units	—	—	863	—	—	717	**717**	—	**717**
Cancellation of restricted common stock	—	—	(58)	—	—	(133)	**(133)**	—	**(133)**
Performance stock units	—	—	—	—	3	309	**312**	—	**312**
Amortization of deferred compensation	—	—	—	—	11	1,022	**1,033**	—	**1,033**
Allocation of partners' capital	1,038	—	—	—	(34)	(1,004)	**(1,038)**	—	**(1,038)**
Contributions from noncontrolling interests	—	—	—	—	—	—	**—**	455	**455**
Distributions to noncontrolling interests	—	—	—	—	—	—	**—**	(1,412)	**(1,412)**
Balance, March 31, 2019	**$ 3,017**	**25,050**	**200,220**	**$ 565,212**	**$ 3,867**	**$378,607**	**$ 947,686**	**$ 11,079**	**$ 958,765**

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

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

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	**$ (46,809)**	$ (661)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	**69,792**	71,750
Net amortization of deferred financing costs, debt premiums and discounts	**2,304**	1,709
Net amortization of intangible lease assets and liabilities	**(551)**	(475)
Gain on sales of real estate assets	**(228)**	(4,371)
Gain on insurance proceeds	**(690)**	—
Write-off of development projects	**—**	94
Share-based compensation expense	**2,043**	2,314
Loss on impairment	**24,825**	18,061
Gain on extinguishment of debt	**(71,722)**	—
Equity in earnings of unconsolidated affiliates	**(3,308)**	(3,739)
Distributions of earnings from unconsolidated affiliates	**5,671**	4,012
Change in estimate of uncollectable rental revenues	**1,540**	2,041
Change in deferred tax accounts	**63**	(629)
Changes in:		
Tenant and other receivables	**(387)**	1,826
Other assets	**(3,826)**	(2,339)
Accounts payable and accrued liabilities	**76,770**	8,633
Net cash provided by operating activities	**55,487**	98,226
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to real estate assets	**(26,429)**	(39,997)
Proceeds from sales of real estate assets	**35,260**	11,848
Proceeds from insurance	**548**	—
Payments received on mortgage and other notes receivable	**266**	267
Additional investments in and advances to unconsolidated affiliates	**(566)**	(1,232)
Distributions in excess of equity in earnings of unconsolidated affiliates	**4,979**	2,859
Changes in other assets	**(321)**	(2,277)
Net cash provided by (used in) investing activities	**13,737**	(28,532)

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

	Three Months Ended March 31,	
	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from mortgage and other indebtedness	**$ 941,217**	$ 99,160
Principal payments on mortgage and other indebtedness	**(978,006)**	(123,634)
Additions to deferred financing costs	**(15,107)**	(98)
Proceeds from issuances of common units	**17**	41
Contributions from noncontrolling interests	**455**	—
Payment of tax withholdings for restricted stock awards	**(132)**	(231)
Distributions to noncontrolling interests	**(2,554)**	(2,861)
Distributions to preferred unitholders	**(11,223)**	(11,223)
Distributions to common unitholders	**(15,988)**	(40,486)
Net cash used in financing activities	**(81,321)**	(79,332)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**(12,097)**	(9,638)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of period	**57,512**	68,172
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period	**$ 45,415**	$ 58,534
Reconciliation from condensed consolidated statements of cash flows to condensed consolidated balance sheets:		
Cash and cash equivalents	**$ 21,054**	$ 23,345
Restricted cash (1):		
Restricted cash	**79**	3,212
Mortgage escrows	**24,282**	31,977
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period	**$ 45,415**	$ 58,534
SUPPLEMENTAL INFORMATION:		
Cash paid for interest, net of amounts capitalized	**$ 35,659**	$ 34,896

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

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

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

Note 1 – Organization and Basis of Presentation

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

CBL & Associates Properties, Inc. ("CBL"), a Delaware corporation, is a self-managed, self-administered, fully-integrated real estate investment trust ("REIT") that is engaged in the ownership, development, acquisition, leasing, management and operation of regional shopping malls, open-air and mixed-use centers, outlet centers, associated centers, community centers and office properties. Its properties are located in 26 states, but are primarily in the southeastern and midwestern United States.

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

As of March 31, 2019, the Operating Partnership owned interests in the following properties:

		Other Properties			
	Malls (1)	Associated Centers	Community Centers	Office Buildings/Other	Total
Consolidated properties	57	20	2	5 (2)	**84**
Unconsolidated properties (3)	8	3	5	2	**18**
Total	**65**	**23**	**7**	**7**	**102**

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

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

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

At March 31, 2019, the Operating Partnership had interests in the following properties under development:

	Consolidated Properties		Unconsolidated Properties	
	Malls	All Other	Malls	All Other
Redevelopments	6	—	1	—

CBL is the 100% owner of two qualified REIT subsidiaries, CBL Holdings I, Inc. and CBL Holdings II, Inc. At March 31, 2019, CBL Holdings I, Inc., the sole general partner of the Operating Partnership, owned a 1.0% general partner interest in the Operating Partnership and CBL Holdings II, Inc. owned an 85.6% limited partner interest for a combined interest held by CBL of 86.6%.

The noncontrolling interest in the Operating Partnership is held by CBL & Associates, Inc., its shareholders and affiliates and certain senior officers of the Company (collectively "CBL's Predecessor"), all of which contributed their interests in certain real estate properties and joint ventures to the Operating Partnership in exchange for a limited partner interest when the Operating Partnership was formed in November 1993, and by various third parties. At March 31, 2019, CBL's Predecessor owned a 9.1% limited partner interest and third parties owned a 4.3% limited partner interest in the Operating Partnership. CBL's Predecessor also owned 4.3 million shares of CBL's common stock at March 31, 2019, for a total combined effective interest of 11.2% in the Operating Partnership.

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

The accompanying condensed consolidated financial statements are unaudited; however, they have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair presentation of the financial statements for these interim periods have been included. All intercompany transactions have been eliminated. The results for the interim period ended March 31, 2019 are not necessarily indicative of the results to be obtained for the full fiscal year.

These condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto included in its Annual Report on Form 10-K for the year ended December 31, 2018.

Reclassifications

Certain reclassifications have been made to amounts in the Company's prior-year financial statements to conform to the current period presentation. The Company reclassified certain amounts related to operating expense reimbursements in its condensed consolidated statements of operations for the three months ended March 31, 2018 related to the adoption of ASC 606. As a result, operating expense reimbursements of $2,343, previously included in tenant reimbursements, were reclassified to other revenues for the three months ended March 31, 2018. Additionally, the Company reclassified minimum rents, percentage rents, other rents and tenant reimbursements into one line item, rental revenues, for the three months ended March 31, 2018 related to the adoption of ASC 842.

Note 2 – Recent Accounting Pronouncements

Accounting Guidance Adopted

Description	Date Adopted & Application Method	Financial Statement Effect and Other Information
ASU 2016-02, *Leases*, and related subsequent amendments	January 1, 2019 - Modified Retrospective (electing optional transition method to apply at adoption date and record cumulative-effect adjustment as of January 1, 2019)	The objective of the leasing guidance is to increase transparency and comparability by recognizing lease assets and liabilities on the balance sheet and disclosing key information about leasing arrangements. Putting nearly all leases on the balance sheet is the biggest change for lessees, as lessees will now be required to recognize a right-of-use (“ROU”) asset and corresponding lease liability for leases with terms greater than 12 months. Under the FASB model, lessees will classify a lease as either a finance lease or an operating lease, while a lessor will classify a lease as either a sales-type, direct financing, or operating lease. A lessee should classify a lease based on whether the arrangement is effectively a purchase of the underlying asset. Leases that transfer control of the underlying asset to a lessee are classified as finance leases for lessees and sales-type leases for lessors, whereas leases where the lessee obtains control of only the use of the underlying asset, but not the underlying asset itself, will be classified as operating leases for both lessees and lessors. A lease may meet the lessee finance lease criteria even when control of the underlying asset is not transferred to the lessee, and in these cases the lease would be classified as an operating lease for the lessee and a direct finance lease by the lessor. The guidance to be applied by lessors is substantially similar to existing GAAP. In order to align lessor accounting with the principles in the revenue recognition guidance in ASC 606, a lessor is precluded from recognizing selling profit or sales revenue at lease commencement for a lease that does not transfer control of the underlying asset to the lessee. As a lessee, the guidance impacted the Company's condensed consolidated financial statements through the recognition of right-of-use ("ROU") assets and corresponding lease liabilities for operating leases as of January 1, 2019. As a lessor, the guidance impacted the Company's condensed consolidated financial statements in regard to the narrowed definition of initial direct costs that can be capitalized, the change in the presentation of rental revenues as one line item and the change in reporting uncollectable operating lease receivables as a reduction of rental revenues instead of property operating expense. The adoption did not result in a cumulative catch-up adjustment to opening equity. See Note 4 for further details.

Accounting Guidance Not Yet Effective

Description	Expected Adoption Date & Application Method	Financial Statement Effect and Other Information
ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*	January 1, 2020 - Modified Retrospective	The guidance replaces the current incurred loss impairment model, which reflects credit events, with a current expected credit loss model, which recognizes an allowance for credit losses based on an entity's estimate of contractual cash flows not expected to be collected. The Company is evaluating the impact that this update may have on its condensed consolidated financial statements and related disclosures.
ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*	January 1, 2020 - Prospective	The guidance addresses diversity in practice in accounting for the costs of implementation activities in a cloud computing arrangement that is a service contract. Under the guidance, the Company is to follow Subtopic 350-40 on internal-use software to determine which implementation costs to capitalize and which to expense. The guidance also requires an entity to expense capitalized implementation costs over the term of the hosting arrangement and include that expense in the same line item as the fees associated with the service element of the arrangement. The Company does not expect the adoption of this guidance will have a material impact on its condensed consolidated financial statements or disclosures.

Note 3 – Revenues

Contract Balances

A summary of the Company's contract assets activity during the three months ended March 31, 2019 is presented below:

	Contract Assets
Balance as of December 31, 2018	**$ 289**
Tenant openings	**(139)**
Executed leases	**25**
Balance as of March 31, 2019	**$ 175**

A summary of the Company's contract liability activity during the three months ended March 31, 2019 is presented below:

	Contract Liability
Balance as of December 31, 2018	**$ 265**
Completed performance obligation	**(4)**
Contract obligation	**—**
Balance as of March 31, 2019	**$ 261**

The Company has the following contract balances as of March 31, 2019:

Description	Financial Statement Line Item	As of March 31, 2019	Expected Settlement Period 2019	2020	2021	2022	2023
Contract assets (1)	Management, development and leasing fees	$ 175	$ (167)	$ (3)	$ (1)	$ —	$ (4)
Contract liability (2)	Other rents	261	(99)	(54)	(54)	(54)	—

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

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

Revenues

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

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Rental revenues (1)	**$ 190,980**	**$ 212,729**
Revenues from contracts with customers (ASC 606):		
Operating expense reimbursements (2)	2,143	2,343
Management, development and leasing fees (3)	2,523	2,721
Marketing revenues (4)	874	1,295
	5,540	**6,359**
Other revenues	1,510	1,112
Total revenues	**$ 198,030**	**$ 220,200**

(1) Revenues from leases that commenced subsequent to December 31, 2018 are accounted for in accordance with ASC 842, *Leases*, whereas all leases existing prior to that date are accounted for in accordance with ASC 840, *Leases*. See Note 4.

(2) Includes $2,192 in the Malls segment and $(49) in the All Other segment for the three months ended March 31, 2019. Includes $2,190 in the Malls segment and $153 in the All Other segment for the three months ended March 31, 2018. See description below.

(3) Included in All Other segment.

(4) Includes $876 in the Malls segment and $(2) in the All Other segment for the three months ended March 31, 2019. Includes $1,294 in the Malls segment and $1 in the All Other segment for the three months ended March 31, 2018.

See Note 10 for information on the Company's segments.

Revenue from Contracts with Customers

Operating expense reimbursements

Under operating and other agreements with third parties that own anchor or outparcel buildings at the Company's properties and pay no rent, the Company receives reimbursements for certain operating expenses such as ring road and parking lot maintenance, landscaping and other fees. These arrangements are primarily either set at a fixed rate with rate increases typically every five years or are on a variable (pro rata) basis, typically as a percentage of costs allocated based on square footage or sales. The majority of these contracts have an initial term and one or more extension options, which cumulatively approximate 50 or more years as historically the initial term and any extension options are reasonably certain of being executed by the third party. The standalone selling price of each performance obligation is determined based on the terms of the contract, which typically assign a price to each performance obligation that directly relates to the value the customer receives for the services being provided. Revenue is recognized as services are transferred to the customer. Variable consideration is based on historical experience and is generally recognized over time using the cost-to-cost method of measurement because it most accurately depicts the Company's performance in satisfying the performance obligation. The cumulative catch-up method is used to recognize any adjustments in variable consideration estimates. Under this method, any adjustment is recognized in the period it is identified.

Management, development and leasing fees

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

- Management fees - Management fees are charged as a percentage of revenues (as defined in the contract) and recognized as revenue over time as services are provided.
- Leasing fees - Leasing fees are charged for newly executed leases and lease renewals and are recognized as revenue upon lease execution, when the performance obligation is completed. In cases for which the agreement specifies 50% of the leasing commission will be paid upon lease execution with the remainder paid when the tenant opens, the Company estimates the amount of variable consideration it expects to receive by evaluating the likelihood of tenant openings using the most likely amount method and records the amount as an unbilled receivable (contract asset).
- Development fees - Development fees may be either set as a fixed rate in a separate agreement or be a variable rate based on a percentage of work costs. Variable consideration related to development fees is generally recognized over time using the cost-to-cost method of measurement because it most accurately depicts the Company's performance in satisfying the performance obligation. Contract estimates are based on various assumptions including the cost and availability of materials, anticipated performance and the complexity of the work to be performed. The cumulative catch-up method is used to recognize any adjustments in variable consideration estimates. Under this method, any adjustment is recognized in the period it is identified.

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

Marketing revenues

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

Performance obligations

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

Practical Expedients

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

Outstanding Performance Obligations

The Company has outstanding performance obligations related to certain noncancellable contracts with customers for which it will receive fixed operating expense reimbursements for providing certain maintenance and other services as described above. As of March 31, 2019, 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	$ 29,101	$ 53,781	$ 49,866	$ 132,748

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 is constrained.

Note 4 – Leases

Adoption of ASU 2016-02, and all related subsequent amendments

The Company adopted ASC 842 (which includes ASU 2016-02 and all related subsequent amendments) on January 1, 2019 and applied the guidance to leases that commenced on or after January 1, 2019. Historical amounts for prior periods were not adjusted and will continue to be reported using the guidance in ASC 840, *Leases*.

To determine whether a contract contains a lease, the Company evaluated its contracts and verified that there was an identified asset and that the Company, or the tenant, has the right to obtain substantially all the economic benefits from the use of the asset throughout the contract term. If a contract is determined to contain a lease, the lease is evaluated to determine whether it is an operating or financing lease, if the Company is the lessee, or the lease is evaluated to determine whether it is an operating, direct financing or sales-type lease, if the Company is the lessor. After determining that the contract contains a lease, the Company identified the lease component and any nonlease components associated with that lease component, and through the Company's election to combine lease and nonlease components for all asset classes, combined the components into a single lease component within each applicable lease where the Company is the lessor.

The discount rate to be used for each lease was determined by assessing the Company's debt information, assessing the credit rating of the Company and the Company's debt, estimating a synthetic "secured" credit rating for the Company and estimating an appropriate incremental borrowing rate. Rental expense for lease payments related to operating leases is recognized on a straight-line basis over the lease term.

See Note 2 for additional information about these accounting standards.

Lessor

Rental Revenues

The majority of the Company's revenues are earned through the lease of space at its properties. All of the Company's leases with tenants for the use of space at our properties are classified as operating leases. Rental revenues include minimum rent, percentage rent, other rents and reimbursements from tenants for real estate taxes, insurance, common area maintenance ("CAM") and other operating expenses as provided in the lease agreements. The option to extend or terminate our leases is specific to each underlying tenant agreement. Typically, the Company's leases contain penalties for early termination. The Company doesn't have any leases that convey the right for the lessee to purchase the leased asset.

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

The Company receives reimbursements from tenants for real estate taxes, insurance, CAM and other recoverable operating expenses as provided in the lease agreements. Any tenant reimbursements that require fixed payments are recognized on a straight-line basis over the initial terms of the related leases, whereas any variable payments are recognized when earned in accordance with the tenant lease agreements. Tenant reimbursements related to certain capital expenditures are billed to tenants over periods of 5 to 15 years.

Additionally, ASU 2018-19 clarifies that operating lease receivables are within the scope of ASC 842. Therefore, in conjunction with our adoption of ASC 842 on January 1, 2019, the Company began recognizing changes in the collectability assessment of its operating lease receivables as a reduction of rental revenues, rather than as a property operating expense. As a result, the Company recognized $1,540 of uncollectable operating lease receivables as a reduction of rental revenues for the three months ended March 31, 2019, and recognized $2,041 of uncollectable operating lease receivables as a property operating expense for the three months ended March 31, 2018.

The components of rental revenues are as follows:

	Three Months Ended March 31, 2019
Fixed lease payments	$ 159,278
Variable lease payments	31,702
Total rental revenues	**$ 190,980**

The undiscounted future fixed lease payments to be received under the Company's operating leases as of March 31, 2019, are as follows:

Years Ending December 31,	Operating Leases
2019 (1)	$ 423,830
2020	516,103
2021	450,880
2022	370,764
2023	304,864
2024	236,102
Thereafter	640,986
Total undiscounted lease payments	$ 2,943,529

(1) Reflects rental payments for the fiscal period April 1, 2019 through December 31, 2019.

As required by the Comparative Under ASC 840 Option, which is a transitional amendment that allows for the presentation of comparative periods in the year of adoption under ASC 840 (the former leasing guidance), the Company's future minimum rental income from lessees under non-cancellable operating leases where the Company is the lessor as of December 31, 2018 is also presented below:

Years Ending December 31,	Operating Leases
2019	$ 497,014
2020	426,228
2021	363,482
2022	294,441
2023	234,191
Thereafter	531,792
Total	$ 2,347,148

Lessee

The Company has eight ground leases and one office lease in which it is a lessee. The maturities of these leases range from 2021 to 2089 and generally provide for renewal options ranging from five to ten years. We included the renewal options in our lease terms for purposes of calculating our lease liability and ROU asset because we have no plans to cease operating our assets associated with each ground lease. The ground leases relate to properties where the Company owns the buildings and improvements, but leases the underlying land. The lease payments on the majority of the ground leases are fixed, but in the instances where they are variable they are either based on the CPI index or a percentage of sales. The one office lease is subleased as of March 2019. As of March 31, 2019, these leases have a weighted-average remaining lease term of 38.8 years and a weighted-average discount rate of 8.1%.

The Company's ROU asset and lease liability are presented in the condensed consolidated balance sheets within intangible lease assets and other assets and accounts payable and accrued liabilities, respectively. A summary of the Company's ROU asset and lease liability activity during the three months ended March 31, 2019 is presented below:

	ROU Asset	Lease Liability
Balance as of January 1, 2019	$ 4,160	$ 4,074
Cash reduction	(120)	(120)
Noncash increase	7	70
Balance as of March 31, 2019	$ 4,047	$ 4,024

The components of lease expense are presented below:

	Three Months Ended March 31, 2019
Lease expense:	
Operating lease expense	$ 218
Variable lease expense	32
Rent Expense	$ 250

The undiscounted future lease payments to be paid under the Company's operating leases as of March 31, 2019, are as follows:

Year Ending December 31,	Operating Leases
2019 (1)	$ 433
2020	560
2021	608
2022	331
2023	284
2024	263
Thereafter	12,019
Total undiscounted lease payments	$ 14,498
Less imputed interest	(10,474)
Lease Liability	$ 4,024

(1) Reflects rental payments for the fiscal period April 1, 2019 through December 31, 2019.

As required by the Comparative Under ASC 840 Option, which is a transitional amendment that allows for the presentation of comparative periods in the year of adoption under ASC 840 (the former leasing guidance), the Company's future obligations to be paid under the Company's operating leases where the Company is the lessee as of December 31, 2018 is also presented below:

2019	$	504
2020		610
2021		517
2022		321
2023		281
Thereafter		12,297
	$	14,530

Practical Expedients

In regard to leases that commenced before January 1, 2019, the Company elected to use a package of practical expedients to not reassess whether any expired or existing contracts are or contain a lease, to not reassess lease classification for any expired or existing leases, and to not reassess initial direct costs for any existing leases. The Company also elected a practical expedient to not assess whether existing or expired land easements that were not previously accounted for as leases under ASC 840 are or contain a lease under ASC 842. Additionally, the Company elected a practical expedient by class of underlying asset applied to all leases to elect not to separate lease and nonlease components as long as the lease and at least one nonlease component have the same timing and pattern of transfer and the lease is classified as an operating lease. The combined component is being accounted for under ASC 842. The Company made an accounting policy election to exclude sales and other similar taxes from revenues, and instead account for them as costs of the lessee. Lastly, the Company has elected not to apply the recognition requirements of ASC 842 to short-term leases.

See Note 2 for additional information about these accounting standards.

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.

Fair Value Measurements on a Recurring Basis

The carrying values of cash and cash equivalents, receivables, accounts payable and accrued liabilities are reasonable estimates of their fair values because of the short-term nature of these financial instruments. Based on the interest rates for similar financial instruments, the carrying value of mortgage and other notes receivable is a reasonable estimate of fair value. The estimated fair value of mortgage and other indebtedness was $3,556,573 and $3,740,431 at March 31, 2019 and December 31, 2018, respectively. The fair value was calculated using Level 2 inputs by discounting future cash flows for mortgage and other indebtedness using estimated market rates at which similar loans would be made currently.

Fair Value Measurements on a Nonrecurring Basis

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

Long-lived Assets Measured at Fair Value in 2019

The following table sets forth information regarding the Company's assets that are measured at fair value on a nonrecurring basis and related impairment charges for the three months ended March 31, 2019:

		Fair Value Measurements at Reporting Date Using			
	Total	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Loss on Impairment**
Long-lived assets	**$ 70,800**	**$ —**	**$ —**	**$ 70,800**	**$ 24,825**

During the three months ended March 31, 2019, the Company recognized an impairment total of $25,054 related to two malls.

Impairment Date	**Property**	**Location**	**Segment Classification**	**Loss on Impairment**	**Fair Value**
January/March	Other adjustments (1)	Various	Malls	(229)	$ —
March	Greenbrier Mall (2)	Chesapeake, VA	Malls	22,770	$ 56,300
March	Honey Creek Mall (3)	Terre Haute, IN	Malls	2,284	14,500
				$ 24,825	**$ 70,800**

(1) Relates to closing costs incurred for the sale of properties during the three months ended March 31, 2019, that were impaired in prior periods.

(2) In accordance with the Company's quarterly impairment process, the Company wrote down the book value of the mall to its estimated fair value of $56,300. The mall has experienced a decline of NOI due to store closures and rent reductions. Additionally, one anchor was vacant as of March 31, 2019. Management determined the fair value of Greenbrier Mall using a discounted cash flow methodology. The discounted cash flow used assumptions including a holding period of ten years, with a sale at the end of the holding period, a capitalization rate of 11.0% and a discount rate 11.5%.

(3) The Company adjusted the book value of the mall to the net sales price of $14,500 based on a signed contract with a third party buyer, adjusted to reflect estimated disposition costs.

Long-lived Assets Measured at Fair Value in 2018

The following table sets forth information regarding the Company's assets that were measured at fair value on a nonrecurring basis and related impairment charges for the three months ended March 31, 2018:

		Fair Value Measurements at Reporting Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Loss on Impairment
Long-lived assets	$ —	$ —	$ —	$ —	$ 18,061

During the three months ended March 31, 2018, the Company recognized an impairment of real estate of $18,061 related to one mall:

Impairment Date	Property	Location	Segment Classification	Loss on Impairment	Fair Value
March	Janesville Mall (1)	Janesville, WI	Malls	$ 18,061	$ — (2)

(1) The Company adjusted the book value of the mall to the net sales price of $17,640 in a signed contract with a third party buyer, adjusted to reflect estimated disposition costs. The mall was sold in July 2018. See Note 6 for additional information.

(2) The long-lived asset was not included in the Company's consolidated balance sheets at December 31, 2018 as the Company no longer had an interest in the property.

Note 6 – Dispositions and Held for Sale

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

2019 Dispositions

The Company recognized a gain on extinguishment of debt for the properties listed below, which represented the amount by which the outstanding debt balance exceeded the net book value of the property as of the transfer date. See Note 8 for more information. The following is a summary of the Company's 2019 dispositions:

Sale/Transfer Date	Property	Property Type	Location	Balance of Non-recourse Debt	Gain on Extinguishment of Debt
January	Acadiana Mall (1)	Mall	Lafayette, LA	$ 119,760	$ 61,796
January	Cary Towne Center (2)	Mall	Cary, NC	43,716	9,926
				$ 163,476	$ 71,722

(1) The Company transferred title to the mall to the mortgage holder in satisfaction of the non-recourse debt secured by the property. A loss on impairment of real estate of $43,007 was recorded in 2017 to write down the book value of the mall to its then estimated fair value. The Company also recorded $305 of aggregate non-cash default interest expense during the first quarter of 2019.

(2) The Company sold the mall for $31,500 and the net proceeds from the sale were used to satisfy a portion of the loan secured by the mall. The remaining principal balance was forgiven. The Company recorded a loss on impairment of real estate of $54,678 during 2018 to write down the book value of the mall to its then estimated fair value. The Company also recorded $237 of aggregate non-cash default interest expense during the first quarter of 2019.

In a separate transaction, the Company also sold an anchor store parcel and vacant land at Acadiana Mall, which were not collateral on the loan, for a cash price of $4.0 million. A loss on impairment of real estate of $1,593 was recorded in 2018 to write down the book value of the anchor store parcel and vacant land to its then estimated fair value.

Note 7 – Unconsolidated Affiliates and Noncontrolling Interests

Unconsolidated Affiliates

Although the Company had majority ownership of certain joint ventures during 2019 and 2018, 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 March 31, 2019, the Company had investments in 21 entities, which are accounted for using the equity method of accounting. The Company's ownership interest in these unconsolidated affiliates ranges from 10.0% to 65.0%. Of these entities, 15 are owned in 50/50 joint ventures.

2019 Activity - Unconsolidated Affiliates

Bullseye, LLC

In September 2018, the Company entered into a joint venture, Bullseye, LLC, to develop a vacant land parcel adjacent to Hamilton Corner in Chattanooga, TN. During January 2019, the joint venture closed on the purchase of the land parcel for a gross purchase price of $3,310. The Company has a 20% membership interest in the joint venture and no funding obligations. The unconsolidated affiliate is a variable interest entity.

Condensed Combined Financial Statements - Unconsolidated Affiliates

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

	March 31, 2019	December 31, 2018
ASSETS		
Investment in real estate assets	**$ 2,100,828**	$ 2,097,088
Accumulated depreciation	**(687,230)**	(674,275)
	1,413,598	1,422,813
Developments in progress	**16,961**	12,569
Net investment in real estate assets	**1,430,559**	1,435,382
Other assets	**178,916**	188,521
Total assets	**$ 1,609,475**	$ 1,623,903

	March 31, 2019	December 31, 2018
LIABILITIES		
Mortgage and other indebtedness, net	**$ 1,318,685**	$ 1,319,949
Other liabilities	**33,695**	39,777
Total liabilities	**1,352,380**	1,359,726
OWNERS' EQUITY		
The Company	**185,123**	191,050
Other investors	**71,972**	73,127
Total owners' equity	**257,095**	264,177
Total liabilities and owners' equity	**$ 1,609,475**	$ 1,623,903

	Total for the Three Months Ended March 31,	
	2019	2018
Total revenues	**$ 55,867**	$ 57,181
Net income (1)	**$ 6,010**	$ 5,309

(1) The Company's share of net income is $3,308 and $3,739 for the three months ended March 31, 2019 and 2018, respectively.

Financings - Unconsolidated Affiliates

All of the debt on the properties owned by the unconsolidated affiliates is non-recourse, except for debt secured by Ambassador Infrastructure, Hammock Landing, The Pavilion at Port Orange, The Shoppes at Eagle Point and the self-storage developments adjacent to EastGate Mall and Mid Rivers Mall. See Note 12 for a description of guarantees the Operating Partnership has issued related to these unconsolidated affiliates.

Noncontrolling Interests

Noncontrolling interests consist of the following:

	As of	
	March 31, 2019	December 31, 2018
Noncontrolling interests:		
Operating Partnership	**$ 46,892**	$ 55,917
Other consolidated subsidiaries	**11,079**	12,111
	$ 57,971	$ 68,028

Variable Interest Entities

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

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

party controls such activities; the amount and characteristics of the Company's investment; the obligation or likelihood for the Company or other investors to provide financial support; and the similarity with and significance to the Company's business activities and the business activities of the other investors.

Consolidated VIEs

As of March 31, 2019, the Company had investments in 19 consolidated VIEs with ownership interests ranging from 50% to 95%.

Unconsolidated VIEs

The table below lists the Company's unconsolidated VIEs as of March 31, 2019:

	Investment in Real Estate Joint Ventures and Partnerships	Maximum Risk of Loss
Ambassador Infrastructure, LLC (1)	$ —	$ 10,605
EastGate Storage, LLC (1)	1,052	6,500
G&I VIII CBL Triangle LLC (2)	—	—
Self Storage at Mid Rivers, LLC (1)	1,022	5,987
Shoppes at Eagle Point, LLC (1)	16,295	12,740

(1) The debt is guaranteed by the Operating Partnership at 100%. See Note 12 for more information.

(2) In conjunction with a loss on impairment recorded in September 2018, the Company wrote down its investment in the unconsolidated 90/10 joint venture to zero. The maximum risk of loss is limited to the basis, which is zero.

Note 8 – Mortgage and Other Indebtedness, Net

Debt of the Company

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

The Company also provides a similar limited guarantee of the Operating Partnership's obligations with respect to its secured credit facility and secured term loan as of March 31, 2019.

Debt of the Operating Partnership

Net mortgage and other indebtedness consisted of the following:

	March 31, 2019		December 31, 2018	
	Amount	**Weighted-Average Interest Rate (1)**	**Amount**	**Weighted-Average Interest Rate (1)**
Fixed-rate debt:				
Non-recourse loans on operating properties	**$ 1,607,494**	**5.34%**	$ 1,783,097	5.33%
Senior unsecured notes due 2023 (2)	**447,539**	**5.25%**	447,423	5.25%
Senior unsecured notes due 2024 (3)	**299,955**	**4.60%**	299,953	4.60%
Senior unsecured notes due 2026 (4)	**616,842**	**5.95%**	616,635	5.95%
Total fixed-rate debt	**2,971,830**	**5.38%**	3,147,108	5.37%

	March 31, 2019		December 31, 2018	
	Amount	Weighted-Average Interest Rate (1)	Amount	Weighted-Average Interest Rate (1)
Variable-rate debt:				
Recourse loans on operating properties	**68,063**	**5.11%**	68,607	4.97%
Construction loan	**12,390**	**5.38%**	8,172	5.25%
Secured line of credit	**390,000**	**4.74%**	—	—%
Unsecured lines of credit	**—**	**—%**	183,972	3.90%
Secured term loan	**500,000**	**4.74%**	—	—%
Unsecured term loans	**—**	**—%**	695,000	4.21%
Total variable-rate debt	**970,453**	**4.77%**	955,751	4.21%
Total fixed-rate and variable-rate debt	**3,942,283**	**5.23%**	4,102,859	5.10%
Unamortized deferred financing costs	**(20,071)**		(15,963)	
Liabilities related to assets held for sale (5)	**(23,662)**		(43,716)	
Total mortgage and other indebtedness, net	**$ 3,898,550**		$ 4,043,180	

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

(2) The balance is net of an unamortized discount of $2,461 and $2,577 as of March 31, 2019 and December 31, 2018, respectively.

(3) The balance is net of an unamortized discount of $45 and $47 as of March 31, 2019 and December 31, 2018, respectively.

(4) The balance is net of an unamortized discount of $8,158 and $8,365 as of March 31, 2019 and December 31, 2018, respectively.

(5) Represents, respectively, a non-recourse loan secured by Honey Creek Mall that was classified on the condensed consolidated balance sheet as liabilities related to assets held for sale as of March 31, 2019, and a non-recourse mortgage loan secured by Cary Towne Center that is classified on the consolidated balance sheet as liabilities related to assets held for sale as of December 31, 2018.

Senior Unsecured Notes

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

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

(2) Interest is payable semiannually in arrears. The interest rate for the 2024 Notes and the 2023 Notes is subject to an increase ranging from 0.25% to 1.00% from time to time if, on or after January 1, 2016 and prior to January 1, 2020, the ratio of secured debt to total assets of the Company, as defined, is greater than 40% but less than 45%. The required ratio of secured debt to total assets for the 2026 Notes is 40% or less. As of March 31, 2019, this ratio was 35% as shown below.

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

Senior Secured Credit Facility

In January 2019, we entered into a new $1,185,000 senior secured credit facility, which includes a fully-funded $500,000 term loan and a revolving line of credit with a borrowing capacity of $685,000. The facility replaces all of the Company's prior unsecured bank facilities, which included three unsecured term loans with an aggregate balance of $695,000 and three unsecured revolving lines of credit with an aggregate capacity of $1,100,000. At closing, we utilized the line of credit to reduce the principal balance of the unsecured term loan from $695,000 to $500,000. The facility matures in July 2023 and bears interest at a variable rate of LIBOR plus 225 basis points. The facility had an interest rate of 4.74% at March 31, 2019. The Operating Partnership is required to pay an annual facility fee, to be paid quarterly, which ranges from 0.25% to 0.35%, based on the unused capacity of the line of credit. The principal balance on the term loan will be reduced by $35,000 per year in quarterly installments. The secured line of credit had an outstanding balance of $390,000 as of March 31, 2019.

The secured credit facility is secured by 17 malls and 3 associated centers that are owned by 36 wholly owned subsidiaries of the Operating Partnership (collectively the “Combined Guarantor Subsidiaries”). The Combined Guarantor Subsidiaries own an additional five malls, two associated centers and four mortgage notes receivable that are not collateral for the secured credit facility. The properties that are collateral for the secured credit facility and the properties and mortgage notes receivable that are not collateral are collectively referred to as the “Guarantor Properties”. The terms of the Notes provide that, to the extent that any subsidiary of the Operating Partnership executes and delivers a guarantee to another debt facility, the Operating Partnership shall also cause the subsidiary to guarantee the Operating Partnership’s obligations under the Notes on a senior basis. In January 2019, the Combined Guarantor Subsidiaries entered into a guarantee agreement with the issuer of the Notes to satisfy the guaranty requirement.

Each of the Combined Guarantor Subsidiaries meet the criteria in Rule 3-10(f) of SEC Regulation S-X to provide condensed consolidating financial information as additional disclosure in the notes to the Operating Partnership's condensed consolidated financial statements because each Combined Guarantor Subsidiary is 100% owned by the Operating Partnership, the guaranty issued by each Combined Guarantor Subsidiary is full and unconditional and the guaranty issued by each Combined Guarantor Subsidiary is joint and several. However, the Operating Partnership has elected to provide combined financial statements and accompanying notes for the Combined Guarantor Subsidiaries in lieu of including the condensed consolidating financial information in the notes to its condensed consolidated financial statements. These combined financial statements and notes are presented as an exhibit to this quarterly report on Form 10-Q for ease of reference.

Financial Covenants and Restrictions

The agreements for the Notes and the senior secured credit facility contain, among other restrictions, certain financial covenants including the maintenance of certain financial coverage ratios, minimum unencumbered asset and interest ratios, maximum secured indebtedness ratios, maximum total indebtedness ratios and limitations on cash flow distributions. The Company believes that it was in compliance with all financial covenants and restrictions at March 31, 2019.

The following presents the Company's compliance with key covenant ratios, as defined, of the Notes and the senior secured credit facility as of March 31, 2019:

Ratio	**Required**	**Actual**
Total debt to total assets	< 60%	52%
Secured debt to total assets	< 40% (1)	35%
Total unencumbered assets to unsecured debt	> 150%	194%
Consolidated income available for debt service to annual debt service charge	> 1.5x	2.3x

(1) Secured debt to total assets must be less than 45% for the 2023 Notes and the 2024 Notes until January 1, 2020.

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

Mortgages on Operating Properties

The following is a summary of the Company's 2019 dispositions for which the fixed-rate loan secured by the mall was extinguished:

Transfer Date	**Property**	**Interest Rate at Repayment Date**	**Scheduled Maturity Date**	**Balance of Non-recourse Debt**	**Gain on Extinguishment of Debt**
January	Acadiana Mall (1)	5.67%	April 2017	$ 119,760	$ 61,795
January	Cary Towne Center (2)	4.00%	June 2018	43,716	9,927
				$ 163,476	$ 71,722

(1) The Company transferred title to the mall to the mortgage holder in satisfaction of the non-recourse debt secured by the property.
(2) The Company sold the mall for $31,500 and the net proceeds from the sale were used to satisfy a portion of the loan secured by the mall. The remaining principal balance was forgiven.

Scheduled Principal Payments

As of March 31, 2019, the scheduled principal amortization and balloon payments of the Company's consolidated debt, excluding extensions available at the Company's option, on all mortgage and other indebtedness, including construction loans and lines of credit, are as follows:

2019 (1)	$	217,655
2020		175,486
2021		474,912
2022		461,585
2023		1,412,855
2024		371,347
Thereafter		839,107
		3,952,947
Unamortized discounts		(10,664)
Unamortized deferred financing costs		(20,071)
Total mortgage and other indebtedness, net	$	3,922,212

(1) Reflects payments for the fiscal period April 1, 2019 through December 31, 2019.

The $217,655 of scheduled principal payments in 2019 relates to the principal balance of six operating property loans.

The Company's mortgage and other indebtedness had a weighted-average maturity of 4.4 years as of March 31, 2019 and 3.7 years as of December 31, 2018.

Note 9 – Mortgage and Other Notes Receivable

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

Mortgage and other notes receivable consist of the following:

		As of March 31, 2019			**As of December 31, 2018**		
	Maturity Date	**Interest Rate**		**Balance**	**Interest Rate**		**Balance**
Mortgages:							
Columbia Place Outparcel	Feb 2022	**5.00%**	**$**	**277**	5.00%	$	283
One Park Place	May 2022	**5.00%**		**728**	5.00%		783
Village Square (1)	Mar 2019	**4.00%**		**1,290**	4.00%		1,308
Other (2)	Dec 2016 - Jan 2047	**5.01% - 9.50%**		**2,512**	5.01% - 9.50%		2,510
				4,807			4,884
Other Notes Receivable:							
ERMC	Sep 2021	**4.00%**		**2,011**	4.00%		2,183
Southwest Theaters LLC	Apr 2026	**5.00%**		**588**	5.00%		605
				2,599			2,788
			$	**7,406**		$	7,672

(1) The note was amended to extend the maturity date and restructure the monthly payment amount subsequent to March 31, 2019. See Note 15 for more information.

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

Note 10 – 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 March 31, 2019	Malls	All Other (1)	Total
Revenues (2)	$ 183,864	$ 14,166	$ 198,030
Property operating expenses (3)	(57,181)	(4,494)	(61,675)
Interest expense	(23,190)	(30,808)	(53,998)
Gain on sales of real estate assets	—	228	228
Segment profit (loss)	$ 103,493	$ (20,908)	82,585
Depreciation and amortization expense			(69,792)
General and administrative expense			(22,007)
Litigation settlement			(88,150)
Interest and other income			489
Gain on extinguishment of debt			71,722
Loss on impairment			(24,825)
Income tax provision			(139)
Equity in earnings of unconsolidated affiliates			3,308
Net loss			$ (46,809)
Capital expenditures (4)	$ 28,024	$ 115	$ 28,139

Three Months Ended March 31, 2018	Malls	All Other (1)	Total
Revenues (2)	$ 200,715	$ 19,485	$ 220,200
Property operating expenses (3)	(63,829)	(4,024)	(67,853)
Interest expense	(25,774)	(27,993)	(53,767)
Other expense	(49)	(45)	(94)
Gain on sales of real estate assets	—	4,371	4,371
Segment profit (loss)	$ 111,063	$ (8,206)	102,857
Depreciation and amortization expense			(71,750)
General and administrative expense			(18,304)
Interest and other income			213
Loss on impairment			(18,061)
Income tax benefit			645
Equity in earnings of unconsolidated affiliates			3,739
Net loss			$ (661)
Capital expenditures (4)	$ 34,302	$ 2,349	$ 36,651

Total Assets	Malls	All Other (1)	Total
March 31, 2019	$ 4,691,869	$ 470,079	$ 5,161,948
December 31, 2018	$ 4,868,141	$ 472,712	$ 5,340,853

(1) The All Other category includes associated centers, community centers, mortgage and other notes receivable, office buildings, self-storage facilities and the Management Company.

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

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

(4) Amounts include acquisitions of real estate assets and investments in unconsolidated affiliates. Developments in progress are included in the All Other category.

Note 11 – Earnings per Share and Earnings per Unit

Earnings per Share of the Company

Basic earnings per share ("EPS") is computed by dividing net income (loss) attributable to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS assumes the issuance of common stock for all potential dilutive common shares outstanding. The limited partners' rights to convert their noncontrolling interests in the Operating Partnership into shares of common stock are not dilutive. There were no potential dilutive common shares and there were no anti-dilutive shares for the three month periods ended March 31, 2019 and 2018.

Earnings per Unit of the Operating Partnership

Basic earnings per unit ("EPU") is computed by dividing net income (loss) attributable to common unitholders by the weighted-average number of common units outstanding for the period. Diluted EPU assumes the issuance of common units for all potential dilutive common units outstanding. There were no potential dilutive common units and there were no anti-dilutive units for the three month periods ended March 31, 2019 and 2018.

Note 12 – Contingencies

Litigation

In April 2019, the Company entered into a settlement agreement and release with respect to the class action lawsuit filed on March 16, 2016 in the United States District Court for the Middle District of Florida by Wave Lengths Hair Salons of Florida, Inc. d/b/a Salon Adrian. The settlement agreement states that the Company is to set aside a common fund with a monetary and non-monetary value of $90,000 to be disbursed to class members in accordance with an agreed-upon formula that is based upon aggregate damages of $60,000. Class members will be comprised of past and current tenants at certain of the Company's shopping centers that it owns or formerly owned during the class period, which will extend from January 1, 2011 through the date of court preliminary approval. Class members who are past tenants and make a claim will receive payment of their claims in cash. Class members who are current tenants will receive monthly credits against rents and future charges, beginning no earlier than January 1, 2020 and continuing for the following five years. Any amounts under the settlement allocated to tenants with outstanding amounts payable to the Company, including tenants which have declared bankruptcy or declare bankruptcy over the relevant period, will first be deducted from the amounts owed to the Company. All attorney's fees and associated costs to be paid to class counsel (up to a maximum of $28,000), any incentive award to the class representative (up to a maximum of $50), and class administration costs (which are expected to not exceed $100), will be funded by the common fund, but must be approved by the court. Under the terms of the settlement agreement, the Company will not pay any dividends to holders of its common shares payable in the third and fourth quarters of 2019. The settlement agreement does not restrict the Company's ability to declare dividends payable in 2020 or in subsequent years. The Company recorded an accrued liability and corresponding litigation settlement expense of $88,150 in the three months ended March 31, 2019 related to the settlement agreement.

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 2022 for certain environmental claims up to $10,000 per occurrence and up to $50,000 in the aggregate, subject to deductibles and certain exclusions. At certain locations, individual policies are in place.

Guarantees

The Operating Partnership may guarantee the debt of a joint venture primarily because it allows the joint venture to obtain funding at a lower cost than could be obtained otherwise. This results in a higher return for the joint venture on its investment, and a higher return on the Operating Partnership's investment in the joint venture.

The Operating Partnership may receive a fee from the joint venture for providing the guaranty. Additionally, when the Operating Partnership issues a guaranty, the terms of the joint venture agreement typically provide that the Operating Partnership may receive indemnification from the joint venture partner or have the ability to increase its ownership interest. The guarantees expire upon repayment of the debt, unless noted otherwise.

The following table represents the Operating Partnership's guarantees of unconsolidated affiliates' debt as reflected in the accompanying condensed consolidated balance sheets as of March 31, 2019 and December 31, 2018:

	As of March 31, 2019					Obligation Recorded to Reflect Guaranty	
Unconsolidated Affiliate	**Company's Ownership Interest**	**Outstanding Balance**	**Percentage Guaranteed by the Operating Partnership**	**Maximum Guaranteed Amount**	**Debt Maturity Date (1)**	**3/31/2019**	**12/31/2018**
West Melbourne I, LLC - Phase I (2)	50%	$ 40,392	50%	$ 20,196	Feb-2021	**$ 202**	$ 203
West Melbourne I, LLC - Phase II (2)	50%	15,917	50%	7,959	Feb-2021	**80**	80
Port Orange I, LLC	50%	54,908	50%	27,454	Feb-2021	**275**	280
Ambassador Infrastructure, LLC	65%	10,050	100%	10,050	Aug-2020	**101**	106
Shoppes at Eagle Point, LLC	50%	35,189	35% (3)	12,740	Oct-2020 (4)	**127**	364
EastGate Storage, LLC	50%	5,920	100% (5)	6,500	Dec-2022	**65**	65
Self Storage at Mid Rivers, LLC	50%	4,662	100% (6)	5,987	Apr-2023	**60**	60
			Total guaranty liability			**$ 910**	$ 1,158

(1) Excludes any extension options.

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

(3) The guaranty was reduced to 35% once construction was completed during the first quarter of 2019.

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

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

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

The Company has guaranteed the lease performance of York Town Center, LP ("YTC"), an unconsolidated affiliate in which the Company owns a 50% interest, under the terms of an agreement with a third party that owns property as part of York Town Center. Under the terms of that agreement, YTC is obligated to cause performance of the third party's obligations as landlord under its lease with its sole tenant, including, but not limited to, provisions such as co-tenancy and exclusivity requirements. Should YTC fail to cause performance, then the tenant under the third party landlord's lease may pursue certain remedies ranging from rights to terminate its lease to receiving reductions in rent. The Company has guaranteed YTC's performance under this agreement up to a maximum of $22,000, which decreases by $800 annually until the guaranteed amount is reduced to $10,000. The guaranty expires on

December 31, 2020. The maximum guaranteed obligation was $12,400 as of March 31, 2019. The Company entered into an agreement with its joint venture partner under which the joint venture partner has agreed to reimburse the Company 50% of any amounts it is obligated to fund under the guaranty. The Company did not include an obligation for this guaranty because it determined that the fair value of the guaranty was not material as of March 31, 2019 and December 31, 2018.

Performance Bonds

The Company has issued various bonds that it would have to satisfy in the event of non-performance. The total amount outstanding on these bonds was $16,097 and $16,003 at March 31, 2019 and December 31, 2018, respectively.

Note 13 – Share-Based Compensation

As of March 31, 2019, the Company has outstanding awards under the CBL & Associates Properties, Inc. 2012 Stock Incentive Plan ("the 2012 Plan"), which was approved by the Company's shareholders in May 2012. The 2012 Plan permits the Company to issue stock options and common stock to selected officers, employees and non-employee directors of the Company up to a total of 10,400,000 shares. As the primary operating subsidiary of the Company, the Operating Partnership participates in and bears the compensation expense associated with the Company's share-based compensation plan.

Restricted Stock Awards

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

Share-based compensation expense related to the restricted stock awards was $1,713 and $1,767 for the three months ended March 31, 2019 and 2018, respectively. Share-based compensation cost capitalized as part of real estate assets was $14 and $122 for the three months ended March 31, 2019 and 2018, respectively.

A summary of the status of the Company's nonvested restricted stock awards as of March 31, 2019, and changes during the three months ended March 31, 2019, is presented below:

	Shares	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2019	875,497	$ 7.99
Granted	855,681	$ 2.23
Vested	(743,574)	$ 5.11
Forfeited	(2,501)	$ 6.57
Nonvested at March 31, 2019	985,103	$ 5.17

As of March 31, 2019, there was $4,760 of total unrecognized compensation cost related to nonvested stock awards granted under the plans, which is expected to be recognized over a weighted-average period of 2.8 years.

Long-Term Incentive Program

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

Beginning with the 2018 PSUs, two-thirds of the quantitative portion of the award over the performance period will be based on the achievement of TSR relative to the NAREIT Retail Index while the remaining one-third will be based on the achievement of absolute TSR metrics for the Company. To maintain compliance with the 200,000 share annual equity grant limit under the 2012 Plan, beginning with the 2018 PSU grant, to the extent that a grant of PSUs could result in the issuance of a number of shares of common stock at the conclusion of the performance period that, when coupled with the number of shares of time-vesting restricted stock granted in the same year the PSUs were granted, would exceed the annual limit, any such excess will be converted to a cash bonus award with a value equivalent to the number of shares of common stock constituting such excess times the average of the high and low trading prices reported for CBL's common stock on the date such shares would otherwise have been issuable. Any such portion of the value of the 2018 PSUs or the 2019 PSUs earned payable as a cash bonus will be subject to the same vesting provisions as the issuance of common stock pursuant to the PSUs and is not expected to be significant. In addition, to the extent any cash is to be paid, the cash will be paid first relative to the vesting schedule, ahead of the issuance of shares of common stock with respect to the balance of PSUs earned.

Annual Restricted Stock Awards

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

Performance Stock Units

A summary of the status of the Company's PSU activity as of March 31, 2019, and changes during the three months ended March 31, 2019, is presented below:

	PSUs	Weighted-Average Grant Date Fair Value
Outstanding at January 1, 2019	910,911	$ 4.67
2019 PSUs granted (1)	1,103,537	$ 2.40
Outstanding at March 31, 2019 (2)	2,014,448	$ 3.42

(1) Includes 566,862 shares classified as a liability due to the potential cash component described above.

(2) None of the PSUs outstanding at March 31, 2019 were vested.

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

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

The fair value of the potential cash component related to the 2019 PSUs is measured at each reporting period, using the same methodology as was used at the initial grant date, and classified as a liability on the condensed consolidated balance sheet as of March 31, 2019 with an adjustment to compensation expense. If the performance criterion is not satisfied at the end of the performance period for the 2019 PSUs, previously recognized compensation expense related to the liability-classified awards would be reversed as there would be no value at the settlement date.

Share-based compensation expense related to the PSUs was $426 and $419 for the three months ended March 31, 2019 and 2018, respectively. Unrecognized compensation costs related to the PSUs was $3,864 as of March 31, 2019, which is expected to be recognized over a weighted-average period of 4.1 years.

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

	2019 PSUs	2018 PSUs	2017 PSUs
Grant date	February 11, 2019	February 12, 2018	February 7, 2017
Fair value per share on valuation date (1)	$ 4.74	$ 4.76	$ 6.86
Risk-free interest rate (2)	2.54%	2.36%	1.53%
Expected share price volatility (3)	60.99%	42.02%	32.85%

(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 2019 PSUs classified as equity consists of 357,800 shares at a fair value of $2.45 (which relate to relative TSR) and 178,875 shares at a fair value of $2.29 per share (which relate to absolute TSR). The weighted-average fair value per share related to the 2018 PSUs classified as equity consists of 240,164 shares at a fair value of $3.13 per share (which relate to relative TSR) and $120,064 shares at a fair value of $1.63 per share (which relate 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 respective grant date listed above.

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

Note 14 – Noncash Investing and Financing Activities

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

	Three Months Ended March 31,	
	2019	**2018**
Accrued dividends and distributions payable	**$ 17,191**	$ 41,759
Additions to real estate assets accrued but not yet paid	**19,757**	2,071
Conversion of Operating Partnership units for common stock	**—**	3,059
Lease liabilities arising from obtaining right-of-use assets	**4,024**	—
Transfer of real estate assets in settlement of mortgage debt obligation:		
Decrease in real estate assets	**(60,059)**	—
Decrease in mortgage and other indebtedness	**124,111**	—
Decrease in operating assets and liabilities	**9,333**	—
Decrease in intangible lease and other assets	**(1,663)**	—

Note 15 – Subsequent Events

In April 2019, the loan secured by Volusia Mall was refinanced to increase the principal balance to $50,000. In addition, the maturity date was extended to April 2024 and the fixed interest rate was reduced from 8.00% to 4.56%. The net proceeds from the new loan were used to retire the $41,000 existing loan.

In April 2019, the Company closed on the sale of Honey Creek Mall, located in Terre Haute, IN. The mall sold for a gross price of $14,600. In conjunction with the sale and combined with the increased proceeds from the refinancing of the loan secured by Volusia Mall, the $23,700 loan secured by Honey Creek Mall was retired.

In April 2019, the Village Square note receivable was amended to extend the maturity date to July 31, 2019. The interest rate has been increased to 5.0%, with payments of $60 due at the beginning of each month starting on April 1, 2019.

In April 2019, the Company closed on the sale of The Shoppes at Hickory Point, located in Forsyth, IL. The associated center was sold for a gross price of $2,508.

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

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

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

Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, forward-looking statements are not guarantees of future performance or results and we can give no assurance that these expectations will be attained. It is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of known and unknown risks and uncertainties. In addition to the risk factors described in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2018, 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;
- costs and availability of real estate;
- inability to consummate acquisition opportunities and other risks associated with acquisitions;
- competition from other companies and retail formats;
- changes in retail demand and rental rates in our markets;
- shifts in customer demands including the impact of online shopping;
- tenant bankruptcies or store closings;
- changes in vacancy rates at our properties;
- changes in operating expenses;
- changes in applicable laws, rules and regulations;
- sales of real property;
- cyber-attacks or acts of cyber-terrorism;
- changes in the credit ratings of the Operating Partnership's senior unsecured long-term indebtedness;
- the ability to obtain suitable equity and/or debt financing and the continued availability of financing, in the amounts and on the terms necessary to support our future refinancing requirements and business; and
- other risks referenced from time to time in filings with the SEC and those factors listed or incorporated by reference into this report.

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

EXECUTIVE OVERVIEW

We are a self-managed, self-administered, fully integrated REIT that is engaged in the ownership, development, acquisition, leasing, management and operation of regional shopping malls, open-air and mixed-use centers, outlet centers, associated centers, community centers and office properties. See Note 1 to the condensed consolidated financial statements for information on our property interests as of March 31, 2019. We have elected to be taxed as a REIT for federal income tax purposes.

We had a net loss for the three months ended March 31, 2019 of $46.8 million compared to a net loss for the three months ended March 31, 2018 of $0.7 million. We recorded a net loss attributable to common shareholders for the three months ended March 31, 2019 of $50.2 million compared to a net loss for the three months ended March 31, 2018 of $10.3 million. The decline was primarily due to litigation settlement expense of $88.2 million and loss on impairments of $24.8 million, partially offset by gains on extinguishment of debt of $71.7 million, in the three months ended March 31, 2019.

Quarterly results were in-line with our expectations. Our leasing efforts are successfully diversifying our tenant mix with nearly 80% of total new leases in the first quarter signed with non-apparel tenants. We have 22 anchor replacements committed, with six already open and many more under negotiation, demonstrating tremendous progress on our anchor replacement program. This program will help stabilize our income as we replace lost revenues, mitigate co-tenancy exposure and deliver new uses that drive traffic and strengthen the entire property. See the "Liquidity and Capital Resources" section for information on our development, expansion and redevelopment projects as of March 31, 2019.

We continue to strengthen our balance sheet by extending our maturity schedule. In January 2019, we replaced all of our unsecured lines of credit and unsecured term loans with a new $1.185 billion secured credit facility, which is comprised of a $685.0 million line of credit and a fully funded $500.0 million term loan. With this closing, we have addressed our significant debt maturities for 2019 and have addressed all of our unsecured debt maturities until 2023. See "Liquidity and Capital Resources" for more information on financing activity.

In March 2019, our Board of Directors approved the structure of a settlement in a class action lawsuit. We have denied, and continue to deny, any wrongdoing and believe that our actions at all times have been proper and lawful. However, given the class certification, the accelerated trial schedule, the inherent risk of any trial, and the potential cost of an adverse resolution of the litigation, we believed that a settlement was in the Company's best interest and in the best interests of our shareholders. We recognized litigation settlement expense of $88.2 million during the first quarter as a result of the settlement. See Note 12 to the condensed consolidated financial statements for more information.

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 2018 and the three months ended March 31, 2019 are referred to as the "Comparable Properties." Since January 1, 2018, we have opened one outlet center development, two self-storage facilities and one community center as follows:

Property	Location	Date Opened
EastGate Mall - CubeSmart Self-storage (1)	Cincinnati, OH	September 2018
The Shoppes at Eagle Point (1)	Cookeville, TN	November 2018
Mid Rivers Mall - CubeSmart Self-storage (1)	St. Peters, MO	January 2019

(1) Each of these properties is owned by a 50/50 joint venture that is accounted for using the equity method of accounting and is included in equity in earnings of unconsolidated affiliates in the accompanying condensed consolidated statements of operations.

Non-core properties are defined as Excluded Malls - see definition that follows under "**Operational Review**".

Comparison of the Three Months Ended March 31, 2019 to the Three Months Ended March 31, 2018

Revenues

	Total for the Three Months Ended March 31, 2019	2018	Change	Comparable Properties Core	Non-core	Dispositions	Change
Rental revenues	**$ 190,980**	$ 212,729	$ (21,749)	$ (14,720)	$ 79	$ (7,108)	$ (21,749)
Management, development and leasing fees	**2,523**	2,721	(198)	(198)	—	—	(198)
Other	**4,527**	4,750	(223)	(245)	14	8	(223)
Total revenues	$ 198,030	$ 220,200	$ (22,170)	$ (15,163)	$ 93	$ (7,100)	$ (22,170)

Rental revenues from the Comparable Properties declined primarily due to store closures and rent concessions for tenants with high occupancy cost levels, including tenants that declared bankruptcy in 2018 and 2019.

Operating Expenses

	Total for the Three Months Ended March 31, 2019	2018	Change	Comparable Properties Core	Non-core	Dispositions	Change
Property operating	**$ (28,980)**	$ (32,826)	$ 3,846	$ 2,811	$ 37	$ 998	$ 3,846
Real estate taxes	**(19,919)**	(21,848)	1,929	1,494	39	396	1,929
Maintenance and repairs	**(12,776)**	(13,179)	403	(283)	183	503	403
Property operating expenses	**(61,675)**	(67,853)	6,178	4,022	259	1,897	6,178
Depreciation and amortization	**(69,792)**	(71,750)	1,958	939	(1,816)	2,835	1,958
General and administrative	**(22,007)**	(18,304)	(3,703)	(3,710)	—	7	(3,703)
Loss on impairment	**(24,825)**	(18,061)	(6,764)	(2,284)	(22,770)	18,290	(6,764)
Litigation settlement	**(88,150)**	—	(88,150)	(88,150)	—	—	(88,150)
Other	**—**	(94)	94	94	—	—	94
Total operating expenses	**$ (266,449)**	$ (176,062)	$ (90,387)	$ (89,089)	$ (24,327)	$ 23,029	$ (90,387)

Property operating expenses at the Comparable Properties decreased primarily due to a change in the classification of bad debt expense as a result of the adoption of ASC 842 effective January 1, 2019. Bad debt expense of $2.0 million was included in property operating expenses for the three months ended March 31, 2018; however, beginning January 1, 2019, rental revenues that are estimated to be uncollectable are reflected as a decrease in rental revenues. For the three months ended March 31, 2019, we recognized $1.5 million as a reduction to rental revenues for amounts that are estimated to be uncollectable, all of which was related to the Comparable Properties. The remaining decrease in property operating expenses of the Comparable Properties was primarily due to lower utilities, security and payroll expenses. Real estate tax expense declined as a number of the Comparable Properties experienced reductions in real estate taxes in their respective markets. These decreases were partially offset by an increase in maintenance and repairs expense, which was primarily related to snow removal expense at certain properties.

The $3.8 million increase in depreciation and amortization expense related to the Comparable Properties primarily relates to an increase of $6.8 million in write-offs of tenant improvements and intangible lease assets related to store closings. This increase was partially offset by declines in depreciation expense of $1.6 million related to stores that closed during 2018 and that are currently under redevelopment.

General and administrative expenses increased primarily due to $1.9 million of expense related to legal and other third party costs related to the new secured term loan and $1.6 million of legal expenses related to the class action lawsuit.

In the first quarter of 2019, we recognized $24.8 million of loss on impairment of real estate to write down the book value of two malls. In the first quarter of 2018, we recognized an $18.1 million loss on impairment of real estate to write down the book value of a mall based upon a binding sales contract. See Note 5 to the condensed consolidated financial statements for more information.

In the first quarter of 2019, we recognized $88.2 million of litigation settlement expense related to the proposed settlement of a class action lawsuit. See Note 12 to the condensed consolidated financial statements for more information.

Other Income and Expenses

Interest expense increased $0.2 million for the three months ended March 31, 2019 compared to the prior-year period. The increase was primarily due to a $1.8 million increase in corporate-level interest expense due to higher variable rates on our corporate-level debt as compared to the prior-year quarter, partially related to the higher interest rate spread under our new credit facility as compared with the prior, as well as increases in LIBOR. These increases were partially offset by $1.7 million lower property-level interest expense, which was primarily related to property dispositions.

During the three months ended March 31, 2019, we recorded $71.1 million of gain on extinguishment of debt related to two malls. We transferred one mall to the lender in satisfaction of the non-recourse debt secured by the property. We sold the other mall and used the proceeds from the sale to satisfy a portion of the non-recourse loan that secured the property and the remaining principal balance was forgiven.

Equity in earnings of unconsolidated affiliates decreased by $0.4 million during the three months ended March 31, 2019 compared to the prior-year period. Decreases in rental revenues at several malls primarily due to store closures and rent concessions for tenants with high occupancy cost levels, including tenants in bankruptcy, were mostly offset by decreases in maintenance and repairs expense at several properties.

During the three months ended March 31, 2019, we recognized $0.2 million of gain on sales of real estate assets primarily related to the true up of costs related to prior period sales. During the three months ended March 31, 2018, we recognized $4.4 million of gain on sales of real estate assets related to the sale of a community center, three outparcels and several outparcels taken through eminent domain proceedings.

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 of our business through our Operating Partnership and, therefore, it reflects the performance of the properties in absolute terms regardless of the ratio of ownership interests of our common shareholders and the noncontrolling interest in the Operating Partnership. Our definition of NOI may be different than that used by other companies, and accordingly, our calculation of NOI may not be comparable to that of other companies.

Since NOI includes only those revenues and expenses related to the operations of our shopping center properties, we believe that same-center NOI provides a measure that reflects trends in occupancy rates, rental rates, sales at the malls and operating costs and the impact of those trends on our results of operations. Our calculation of same-center NOI excludes lease termination income, straight-line rent adjustments, 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 properties which are being repositioned or properties where we are considering alternatives for repositioning, where we intend to renegotiate the terms of the debt secured by the related property or return the property to the lender and those in which we own a noncontrolling interest of 25% or less. Triangle Town Center, Hickory Point Mall and Greenbrier Mall were classified as Lender Malls at March 31, 2019.

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 month periods ended March 31, 2019 and 2018 is as follows (in thousands):

	Three Months Ended March 31,	
	2019	**2018**
Net loss	**$ (46,809)**	$ (661)
Adjustments: [(1)]		
Depreciation and amortization	**78,301**	79,985
Interest expense	**58,802**	57,870
Abandoned projects expense	**—**	94
Gain on sales of real estate assets	**(858)**	(4,371)
Gain on extinguishment of debt	**(71,722)**	—
Loss on impairment	**24,825**	18,061
Litigation settlement	**88,150**	—
Income tax (benefit) provision	**139**	(645)
Lease termination fees	**(1,017)**	(6,261)
Straight-line rent and above- and below-market lease amortization	**(1,045)**	2,828
Net income attributable to noncontrolling interests in other consolidated subsidiaries	**75**	(101)
General and administrative expenses	**22,007**	18,304
Management fees and non-property level revenues	**(2,666)**	(3,818)
Operating Partnership's share of property NOI	**148,182**	161,285
Non-comparable NOI	**(5,041)**	(10,105)
Total same-center NOI	**$ 143,141**	$ 151,180

(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 5.3% for the three months ended March 31, 2019 as compared to the prior-year period. The $8.0 million decrease for the three month period ended March 31, 2019 compared to the same period in 2018 primarily consisted of a $13.4 million decrease in revenues partially offset by a $5.4 million decline in operating expenses. Rental revenues declined $13.4 million during the quarter primarily due to bankrupt anchors and in-line stores, as well as declines in renewal leases. The decrease in rental revenues includes the impact of $1.6 million of uncollectable revenues, which was formerly described as bad debt expense that was included in property operating expense in the prior-year period. The $5.4 million decrease in operating expenses was primarily driven by bad debt expense of $2.1 million in the prior-year period. Maintenance and repair expenses increased $0.7 million and real estate tax expenses declined $1.7 million.

Operational Review

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

We classify our regional malls into three categories:

(1) Stabilized Malls – Malls that have completed their initial lease-up and have been open for more than three complete calendar years.

(2) Non-stabilized Malls - Malls that are in their initial lease-up phase. After three complete calendar years of operation, they are reclassified on January 1 of the fourth calendar year to the stabilized mall category. The Outlet Shoppes at Laredo was classified as a non-stabilized mall as of March 31, 2019 and 2018.

(3) Excluded Malls - We exclude malls from our core portfolio if they fall in the following categories, for which operational metrics are excluded:

a. Lender Malls - Malls for which we are working or intend to work with the lender on a restructure of the terms of the loan secured by the property or convey the secured property to the lender. Triangle Town Center, Hickory Point Mall and Greenbrier Mall were classified as Lender Malls as of March 31, 2019, and Acadiana Mall was classified as a Lender Mall as of March 31, 2018. Lender Malls are excluded from our same-center pool as decisions made while in discussions with the lender may lead to metrics that do not provide relevant information related to the condition of these properties or they may be under cash management agreements with the respective servicers.

b. Repositioning Malls - Malls that are currently being repositioned or where we have determined that the current format of the mall no longer represents the best use of the mall and we are in the process of evaluating alternative strategies for the mall. This may include major redevelopment or an alternative retail or non-retail format, or after evaluating alternative strategies for the mall, we may determine that the mall no longer meets our criteria for long-term investment. The steps taken to reposition these malls, such as signing tenants to short-term leases, which are not included in occupancy percentages, or leasing to regional or local tenants, which typically do not report sales, may lead to metrics which do not provide relevant information related to the condition of these malls. Therefore, traditional performance measures, such as occupancy percentages and leasing metrics, exclude Repositioning Malls. There were no malls classified as Repositioning Malls as of March 31, 2019. Cary Towne Center and Hickory Point Mall were classified as Repositioning Malls as of March 31, 2018.

c. Minority Interest Malls - Malls in which we have a 25% or less ownership interest. There were no malls classified as Minority Interest Malls as of March 31, 2019. Triangle Town Center was classified as a Minority Interest Mall as of March 31, 2018.

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

	Three Months Ended March 31,	
	2019	**2018**
Malls	**92.8%**	91.2%
Other properties	**7.2%**	8.8%

Mall Store Sales

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

	Twelve Months Ended March 31,		
	2019	**2018**	**% Change**
Stabilized mall same-center sales per square foot	**$377**	$377	—%
Stabilized mall sales per square foot	**$377**	$373	1.1%

Sales for the first quarter were muted by declines in January that resulted from an unfavorable reporting calendar. Sales for February were relatively flat and March generated a solid increase, especially considering that Easter was in late April this year. Categories that performed well included fast casual dining, electronics, children's and family shoes, cosmetics and wellness.

Occupancy

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

	As of March 31,	
	2019	**2018**
Total portfolio	**91.3%**	91.1%
Malls:		
Total mall portfolio	**89.4%**	89.3%
Same-center malls	**89.7%**	89.5%
Stabilized malls	**89.7%**	89.5%
Non-stabilized malls [(2)]	**76.4%**	77.0%
Other properties:	**97.3%**	97.4%
Associated centers	**96.9%**	97.8%
Community centers	**97.6%**	97.4%

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

(2) Represents occupancy for The Outlet Shoppes at Laredo as of March 31, 2019 and 2018.

Bankruptcy-related store closures impacted first quarter occupancy by approximately 100 basis points or 196,000 square feet. See *Leasing* below for an update on our progress in replacing these stores.

Leasing

The following is a summary of the total square feet of leases signed in the three month periods ended March 31, 2019:

	Three Months Ended March 31,
	2019
Operating portfolio:	
New leases	**271,813**
Renewal leases	**692,127**
Development portfolio:	
New leases	**149,737**
Total leased	**1,113,677**

Average annual base rents per square foot are based on contractual rents in effect as of March 31, 2019 and 2018, including the impact of any rent concessions. Average annual base rents per square foot for comparable small shop space of less than 10,000 square feet were as follows for each property type [(1)]:

	As of March 31,	
	2019	**2018**
Malls:	**$ 32.37**	$ 32.59
Same-center stabilized malls	**32.45**	32.86
Stabilized malls	**32.45**	32.66
Non-stabilized malls [(2)]	**25.21**	26.14
Other properties:	**15.34**	15.13
Associated centers	**13.80**	13.74
Community centers	**16.82**	15.99
Office buildings	**17.32**	19.39

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

(2) Represents average annual base rents for The Outlet Shoppes at Laredo as of March 31, 2019 and 2018.

Results from new and renewal leasing of comparable small shop space of less than 10,000 square feet during the three month period ended March 31, 2019 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
All Property Types (2)	**568,714**	**$ 38.88**	**$ 34.54**	**(11.2)%**	**$ 35.18**	**(9.5)%**
Stabilized malls	496,998	40.41	35.97	(11.0)%	36.60	(9.4)%
New leases	47,740	55.48	57.67	3.9 %	60.62	9.3 %
Renewal leases	449,258	38.81	33.66	(13.3)%	34.04	(12.3)%

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

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

Spreads on new leases for stabilized malls increased 9.3% in the first quarter and renewal leases were signed at an average of 12.3% lower than the expiring rent. This quarter's results were impacted by renewals on eight Thing's Remembered stores that we expect to remain open following their bankruptcy filing and a portfolio of Christopher & Banks stores.

New and renewal leasing activity of comparable small shop space of less than 10,000 square feet for the three month period ended March 31, 2019 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 2019:										
New	52	106,720	7.33	$ 48.84	$ 51.49	$ 48.10	$ 0.74	1.5 %	$ 3.39	7.0 %
Renewal	326	1,125,918	2.84	29.69	29.93	34.37	(4.68)	(13.6)%	(4.44)	(12.9)%
Commencement 2019 Total	**378**	**1,232,638**	**3.46**	**31.35**	**31.80**	**35.56**	**(4.21)**	**(11.8)%**	**(3.76)**	**(10.6)%**
Commencement 2020:										
New	2	1,151	6.00	232.61	245.67	225.19	7.42	3.3 %	20.48	9.1 %
Renewal	34	95,924	3.35	41.68	42.33	41.89	(0.21)	(0.5)%	0.44	1.1 %
Commencement 2020 Total	**36**	**97,075**	**3.49**	**43.94**	**44.74**	**44.06**	**(0.12)**	**(0.3)%**	**0.68**	**1.5 %**
Total 2019/2020	**414**	**1,329,713**	**3.46**	**$ 32.27**	**$ 32.74**	**$ 36.18**	**$ (3.91)**	**(10.8)%**	**$ (3.44)**	**(9.5)%**

Our leasing efforts are successfully diversifying our tenant mix with nearly 80% of total new leases signed in the first quarter with non-apparel tenants. We have 22 anchor replacements committed, with six already open and many more under negotiation, demonstrating tremendous progress on our anchor replacement program. This program will help stabilize our income as we replace lost revenues, mitigate co-tenancy exposure and deliver new uses that drive traffic and strengthen the entire property. Anchor replacements such as the Live! Casino at Westmoreland Mall and Shoprite Supermarket at Stroud Mall are tangible examples of how we are transforming our centers with minimal cash investment.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2019, we had $390.0 million outstanding on our secured credit facility leaving $290.2 million of availability, after considering outstanding letters of credit of $4.8 million, as well as unrestricted cash and cash equivalents of $21.1 million. Our total pro rata share of debt at March 31, 2019 was $4.5 billion. Our consolidated unencumbered properties generated approximately 27.0% of total consolidated NOI for the three months ended March 31, 2019 (excluding dispositions and Excluded Malls).

In January 2019, we completed the sale of Cary Towne Center and the transfer of Acadiana Mall and recognized a $71.7 million gain on extinguishment of the related $163.5 million in debt.

In January 2019, we entered into a new $1.185 billion senior secured credit facility, which includes a fully-funded

$500 million term loan and a revolving line of credit with a borrowing capacity of $685 million. The facility replaces all of the Company's prior unsecured bank facilities, which included three unsecured term loans with an aggregate balance of $695 million and three unsecured revolving lines of credit with an aggregate capacity of $1.1 billion. At closing, we utilized the line of credit to reduce the principal balance of the unsecured term loans from $695 million to $500 million. The facility matures in July 2023 and bears interest at a variable rate of LIBOR plus 225 basis points. The Operating Partnership is required to pay an annual facility fee on the line of credit balance, to be paid quarterly, which ranges from 0.25% to 0.35%, based on the unused capacity of the line of credit. The principal balance on the term loan will be reduced by $35 million per year in quarterly installments.

In April 2019, we entered into a settlement agreement and release with respect to a class action lawsuit. Under the terms of the settlement agreement, we will not pay any dividends to holders of our common shares payable in the third and fourth quarters of 2019. The settlement agreement does not restrict our ability to declare dividends payable in 2020 or in subsequent years. See Note 12 to the condensed consolidated financial statements for more information related to the settlement.

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

Cash Flows - Operating, Investing and Financing Activities

There was $45.4 million of cash, cash equivalents and restricted cash as of March 31, 2019, a decrease of $12.1 million from December 31, 2018. Of this amount, $21.1 million was unrestricted cash and cash equivalents as of March 31, 2019.

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

	Three Months Ended March 31,		
	2019	**2018**	**Change**
Net cash provided by operating activities	**$ 55,488**	$ 98,227	$ (42,739)
Net cash provided by (used in) investing activities	**13,737**	(28,532)	42,269
Net cash used in financing activities	**(81,321)**	(79,332)	(1,989)
Net cash flows	**$ (12,096)**	$ (9,637)	$ (2,459)

Cash Provided by Operating Activities

Cash provided by operating activities decreased $42.7 million primarily due to a decline in rental revenues during the quarter related to store closures and rent concessions for tenants with high occupancy cost levels, including tenants in bankruptcy, and the disposition of properties.

Cash Provided by (Used in) Investing Activities

Cash flows provided by investing activities increased $42.3 million compared to the prior year. The cash inflow for 2019 was primarily related to a greater amount of proceeds from sales in the current period combined with less cash paid for capital expenditures as we continue to focus on controlling such expenditures.

Cash Used in Financing Activities

Cash flows used in financing activities increased $2.0 million in 2019 compared to the prior year. Although the reduction in our common stock dividend resulted in savings of $24.5 million in dividends and distributions paid to common shareholders and the noncontrolling interest holders in the Operating Partnership, this was more than offset by the additional $12.3 million of principal payments on debt and the payment of $15.1 million of deferred financing costs, which were mostly related to our new secured credit facility.

Debt

Debt of the Company

CBL has no indebtedness. Either the Operating Partnership or one of its consolidated subsidiaries, that it has a direct or indirect ownership interest in, is the borrower on all of our debt. CBL is a limited guarantor of the Notes, as described in Note 8 to the condensed consolidated financial statements, for losses suffered solely by reason of fraud or willful misrepresentation by the Operating Partnership or its affiliates. We also provide a similar limited guarantee of the Operating Partnership's obligations with respect to our secured credit facility as of March 31, 2019.

Debt of the Operating Partnership

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

March 31, 2019	**Consolidated**	**Noncontrolling Interests**	**Unconsolidated Affiliates**	**Total**	**Weighted-Average Interest Rate (1)**
Fixed-rate debt:					
Non-recourse loans on operating properties (2)	**$ 1,607,494**	**$ (93,909)**	**$ 537,444**	**$ 2,051,029**	**4.99%**
Recourse loan on operating property (3)	**—**	**—**	**10,050**	**10,050**	**3.74%**
Senior unsecured notes due 2023 (4)	**447,539**	**—**	**—**	**447,539**	**5.25%**
Senior unsecured notes due 2024 (5)	**299,955**	**—**	**—**	**299,955**	**4.60%**
Senior unsecured notes due 2026 (6)	**616,842**	**—**	**—**	**616,842**	**5.95%**
Total fixed-rate debt	**2,971,830**	**(93,909)**	**547,494**	**3,425,415**	**5.16%**
Variable-rate debt:					
Recourse loans on operating properties	**68,063**	**—**	**84,404**	**152,467**	**5.00%**
Construction loans	**12,390**	**—**		**12,390**	**5.38%**
Secured line of credit (7)	**390,000**	**—**	**—**	**390,000**	**4.74%**
Secured term loan (7)	**500,000**	**—**	**—**	**500,000**	**4.74%**
Total variable-rate debt	**970,453**	**—**	**84,404**	**1,054,857**	**4.78%**
Total fixed-rate and variable-rate debt	**3,942,283**	**(93,909)**	**631,898**	**4,480,272**	**5.07%**
Unamortized deferred financing costs	**(20,071)**	**775**	**(2,529)**	**(21,825)**	
Liabilities related to assets held for sale (8)	**(23,662)**	**—**	**—**	**(23,662)**	
Mortgage and other indebtedness, net	**$ 3,898,550**	**$ (93,134)**	**$ 629,369**	**$ 4,434,785**	

December 31, 2018	**Consolidated**	**Noncontrolling Interests**	**Unconsolidated Affiliates**	**Total**	**Weighted-Average Interest Rate (1)**
Fixed-rate debt:					
Non-recourse loans on operating properties (2)	$ 1,783,097	$ (94,361)	$ 540,068	$ 2,228,804	5.01%
Recourse loans on operating properties (3)	—	—	10,605	10,605	3.74%
Senior unsecured notes due 2023 (4)	447,423	—	—	447,423	5.25%
Senior unsecured notes due 2024 (5)	299,953	—	—	299,953	4.60%
Senior unsecured notes due 2026 (6)	616,635	—	—	616,635	5.95%
Total fixed-rate debt	3,147,108	(94,361)	550,673	3,603,420	5.16%
Variable-rate debt:					
Recourse loans on operating properties	68,607	—	96,012	164,619	4.91%
Construction loan	8,172	—	3,892	12,064	5.20%
Unsecured lines of credit (7)	183,972	—	—	183,972	3.90%
Unsecured term loans (7)	695,000	—	—	695,000	4.21%
Total variable-rate debt	955,751	—	99,904	1,055,655	4.28%
Total fixed-rate and variable-rate debt	4,102,859	(94,361)	650,577	4,659,075	4.96%
Unamortized deferred financing costs	(15,963)	804	(2,687)	(17,846)	
Liabilities related to assets held for sale (8)	(43,716)	—	—	(43,716)	
Mortgage and other indebtedness, net	$ 4,043,180	$ (93,557)	$ 647,890	$ 4,597,513	

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

(2) An unconsolidated affiliate has an interest rate swap on a notional amount outstanding of $44,558 as of March 31, 2019 and $44,863 as of December 31, 2018 related to a variable-rate loan on Ambassador Town Center to effectively fix the interest rate on this loan to a fixed-rate of 3.22%.

(3) The unconsolidated affiliate has an interest rate swap on a notional amount outstanding of $10,050 as of March 31, 2019 and $10,605 as of December 31, 2018 related to a variable-rate loan on Ambassador Town Center - Infrastructure Improvements to effectively fix the interest rate on this loan to a fixed-rate of 3.74%.

(4) The balance is net of an unamortized discount of $2,461 and $2,577 as of March 31, 2019 and December 31, 2018, respectively.

(5) The balance is net of an unamortized discount of $45 and $47 as of March 31, 2019 and December 31, 2018, respectively.

(6) The balance is net of an unamortized discount of $8,158 and $8,365 as of March 31, 2019 and December 31, 2018, respectively.

(7) We replaced our unsecured lines of credit and unsecured term loans in January 2019 with a new secured senior credit facility.

(8) Represents a $23,662 non-recourse loan secured by Honey Creek Mall that was classified on the condensed consolidated balance sheet as liabilities related to assets held for sale. Represents a $43,716 non-recourse mortgage loan secured by Cary Towne Center that was classified on the consolidated balance sheet as liabilities related to assets held for sale.

The weighted-average remaining term of our total share of consolidated and unconsolidated debt was 4.6 years and 4.0 years at March 31, 2019 and December 31, 2018, respectively. The weighted-average remaining term of our pro rata share of fixed-rate debt was 4.8 years at March 31, 2019 and December 31, 2018.

As of March 31, 2019 and December 31, 2018, our pro rata share of consolidated and unconsolidated variable-rate debt represented 23.5% and 22.7%, respectively, of our total pro rata share of debt.

See Note 8 to the condensed consolidated financial statements for additional information concerning the amount and terms of our outstanding indebtedness and compliance with applicable covenants and restrictions as of March 31, 2019, as well as activity related to consolidated property loans.

See Note 7 to the condensed consolidated financial statements for information related to activity related to unconsolidated affiliates.

Credit Ratings

The Operating Partnership's credit ratings of its unsecured long-term indebtedness were as follows as of March 31, 2019:

Rating Agency	**Rating**	**Outlook**
Fitch	BB-	Negative
Moody's	B1	Stable
S&P	BB-	Negative

Unencumbered Consolidated Portfolio Statistics
(Dollars in thousands, except sales per square foot data)

	Sales Per Square Foot for the Twelve Months Ended (1) (2)		Occupancy (2)		% of Consolidated Unencumbered NOI for the Three Months Ended
	03/31/19	03/31/18	03/31/19	03/31/18	3/31/19 (3)
Unencumbered consolidated properties:					
Tier 1 Malls	N/A	N/A	**N/A**	N/A	6.1% (4)
Tier 2 Malls	$ 332	$ 339	**84.4%**	86.4%	43.6%
Tier 3 Malls	275	288	**87.4%**	86.7%	26.3%
Total Malls	**$ 308**	**$ 318**	**85.7%**	**86.5%**	**76.0%**
Total Associated Centers	**N/A**	**N/A**	**96.9%**	**97.4%**	**15.4%**
Total Community Centers	**N/A**	**N/A**	**99.4%**	**97.0%**	**6.9%**
Total Office Buildings and Other	**N/A**	**N/A**	**94.9%**	**83.4%**	**1.7%**
Total Unencumbered Consolidated Portfolio	**$ 308**	**$ 318**	**90.4%**	**90.5%**	**100.0%**

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

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

(3) Our consolidated unencumbered properties generated approximately 27.0% of total consolidated NOI of $127,077 (which excludes NOI related to dispositions) for the three months ended March 31, 2019.

(4) NOI is derived from unencumbered portions of Tier One properties, including outparcels, anchors and former anchors that have been redeveloped, that are otherwise secured by a loan.

Equity

During the three months ended March 31, 2019, we paid dividends of $24.2 million to holders of CBL's common stock and preferred stock, as well as $5.6 million in distributions to the noncontrolling interest investors in the Operating Partnership and other consolidated subsidiaries. The Operating Partnership paid distributions of $11.2 million and $17.2 million on the preferred units and common units, respectively, as well as distributions of $1.4 million to the noncontrolling interests in other consolidated subsidiaries.

The following table represents our common stock dividend activity for the three months ended March 31, 2019:

Period	Dividend Amount	Declaration Date	Date Paid
First Quarter	$0.075	February 25, 2019	April 16, 2019

Future dividends payable will be determined by our Board of Directors based upon circumstances at the time of declaration. The dividend was reduced to an annualized rate of $0.30 per share beginning with the dividend payable in January 2019 from the prior annualized rate of $0.80 per share. As previously noted, under the terms of the class action settlement agreement, we will not pay any dividends to holders of our common shares payable in the third and fourth quarters of 2019. The settlement agreement does not restrict our ability to declare dividends payable in 2020 or in subsequent years. Our dividend payout ratio, in relation to FFO, as adjusted, per diluted common share, was 28.6% for the three months ended March 31, 2019. See "Non-GAAP Measure - Funds from Operations" below for additional information concerning the calculation of FFO, as adjusted, per diluted common share.

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As a publicly traded company, and as a subsidiary of a publicly traded company, we previously have accessed capital through both the public equity and debt markets. We currently have a shelf registration statement on file with the SEC authorizing us to publicly issue unspecified amounts of senior and/or subordinated debt securities, shares of preferred stock (or depositary shares representing fractional interests therein), shares of common stock, warrants or rights to purchase any of the foregoing securities, and units consisting of two or more of these classes or series of securities and limited guarantees of debt securities issued by the Operating Partnership. This shelf registration statement also authorized the Operating Partnership to publicly issue unsubordinated debt securities. This shelf registration statement was due to expire in July 2021. However, the Company no longer qualifies as a well-known seasoned issuer under SEC rules, and we therefore are unable to use this shelf registration.

Market Capitalization

Our total-market capitalization as of March 31, 2019 was computed as follows (in thousands, except stock prices):

	Shares Outstanding	Stock Price (1)	Value
Common stock and operating partnership units	200,220	$ 1.55	$ 310,341
7.375% Series D Cumulative Redeemable Preferred Stock	1,815	250.00	453,750
6.625% Series E Cumulative Redeemable Preferred Stock	690	250.00	172,500
Total market equity			936,591
Company’s share of total debt, excluding unamortized deferred financing costs			4,480,272
Total market capitalization			$ 5,416,863

(1) Stock price for common stock and Operating Partnership units equals the closing price of CBL's common stock on March 29, 2019. The stock prices for the preferred stock represent the liquidation preference of each respective series of preferred stock.

Capital Expenditures

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

The following table, which excludes expenditures for developments, redevelopments and expansions, summarizes these capital expenditures, including our share of unconsolidated affiliates' capital expenditures, for the three month periods ended March 31, 2019 compared to the same periods in 2018 (in thousands):

	Three Months Ended March 31,	
	2019	**2018**
Tenant allowances (1)	**$ 2,254**	$ 15,124
Renovations	**—**	563
Deferred maintenance:		
Parking lot and parking lot lighting	**88**	344
Roof repairs and replacements	**62**	1,625
Other capital expenditures	**3,586**	5,878
Total deferred maintenance	**3,736**	7,847
Capitalized overhead	**947**	1,419
Capitalized interest	**563**	587
Total capital expenditures	**$ 7,500**	$ 25,540

(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, will provide the necessary funding for these expenditures.

Developments, Expansions and Redevelopments

The following tables summarize our development, expansion and redevelopment projects as of March 31, 2019.

Properties Opened During the Three Months Ended March 31, 2019
(Dollars in thousands)

				CBL's Share of				
Property	Location	CBL Ownership Interest	Total Project Square Feet	Total Cost (1)	Cost to Date (2)	2019 YTD Cost	Opening Date	Initial Unleveraged Yield
Other - Outparcel Development:								
Mid Rivers Mall - CubeSmart Self-storage (3) (4)	St. Peters, MO	50%	**93,540**	**$ 4,122**	**$ 3,235**	**$ 653**	Jan-19	9.0%

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

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

(3) Outparcel development adjacent to the mall.

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

We opened our second self-storage facility in January. This joint venture project is located adjacent to Mid Rivers Mall. We contributed land as our share of equity which limited the amount of cash investment required.

Redevelopments Completed During the Three Months Ended March 31, 2019
(Dollars in thousands)

				CBL's Share of				
Property	Location	CBL Ownership Interest	Total Project Square Feet	Total Cost (1)	Cost to Date (2)	2019 YTD Cost	Opening Date	Initial Unleveraged Yield
Mall Redevelopments:								
East Towne Mall - Portillo's	Madison, WI	100%	9,000	$ 2,956	$ 2,487	$ 71	Feb-19	8.0%
Northgate Mall - Sears Auto Center Redevelopment (Aubrey's/Panda Express)	Chattanooga, TN	100%	10,000	1,797	513	—	Feb-19	7.6%
Total Redevelopments Completed			**19,000**	**$ 4,753**	**$ 3,000**	**$ 71**		

(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 Redevelopment at March 31, 2019
(Dollars in thousands)

				CBL's Share of				
Property	Location	CBL Ownership Interest	Total Project Square Feet	Total Cost (1)	Cost to Date (2)	2019 YTD Cost	Expected Opening Date	Initial Unleveraged Yield
Mall Redevelopments:								
Brookfield Square - Sears Redevelopment (Whirlyball/Marcus Theaters) (3)	Brookfield, WI	100%	126,710	$ 26,627	$ 16,556	$ 4,116	Fall-19	10.7%
Dakota Square Mall - HomeGoods	Minot, ND	100%	28,406	2,478	2,288	1,310	Spring-19	14.4%
Friendly Center - O2 Fitness	Greensboro, NC	50%	27,048	2,285	1,694	287	Spring-19	10.3%

Property	Location	CBL Ownership Interest	Total Project Square Feet	CBL's Share of Total Cost (1)	CBL's Share of Cost to Date (2)	CBL's Share of 2019 YTD Cost	Expected Opening Date	Initial Unleveraged Yield
Hamilton Place - Sears Redevelopment (Cheesecake Factory/Dick's Sporting Goods/Dave & Buster's/Hotel/Office) (3)	Chattanooga, TN	90%	197,683	38,674	11,270	2,055	Spring/Fall-20	7.1%
Hanes Mall - Dave & Buster's	Winston-Salem, NC	100%	44,922	5,932	2,180	35	Spring-19	11.0%
Parkdale Mall - Macy's Redevelopment (Dick's Sporting Goods/Five Below/HomeGoods) (3)	Beaumont, TX	100%	86,136	20,899	16,738	10,259	Spring-19	6.4%
Volusia Mall - Sears Auto Center Redevelopment (Bonefish Grill/Metro Diner)	Daytona Beach, FL	100%	23,341	9,795	5,500	86	Spring-19	8.0%
Total Properties Under Redevelopment			**534,246**	**$106,690**	**$ 56,226**	**$ 18,148**		

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

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

(3) The return reflected represents a pro forma incremental return as Total Cost excludes the cost related to the acquisition of the Sears (Brookfield Square and Hamilton Place) and Macy's (Parkdale Mall) buildings in 2017.

Shadow Pipeline of Properties Under Development at March 31, 2019
(Dollars in thousands)

Property	Location	CBL Ownership Interest	Total Project Square Feet	CBL's Share of Estimated Total Cost (1)	Expected Opening Date	Initial Unleveraged Yield
Other - Outparcel Development:						
Parkdale Mall - Self-storage (2)	Beaumont, TX	50%	**68,000 - 70,000**	**$4,000 - $5,000**	Winter-19	10.0% - 11.0%

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

(2) Yield is based on expected yield once project stabilizes.

Construction is in progress on the first phase of redevelopment of the former Sears building at Brookfield Square, which includes new dining and entertainment options such as the Marcus Theater's Movie Tavern dine-in movie experience and Whirlyball entertainment center. Also, construction is in progress on the redevelopment of the former Sears building at Hamilton Place, which will include a variety of new tenants, as noted above.

Except for the projects presented above, we do not have any other material capital commitments as of March 31, 2019.

Off-Balance Sheet Arrangements

Unconsolidated Affiliates

We have ownership interests in 21 unconsolidated affiliates as of March 31, 2019 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.

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 12 to the condensed consolidated statements for information related to our guarantees of unconsolidated affiliates' debt as of March 31, 2019 and December 31, 2018.

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, 2018 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 three months ended March 31, 2019. 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, 2018.

Recent Accounting Pronouncements

See Note 2 to the condensed consolidated financial statements for information on recently issued accounting pronouncements.

Impact of Inflation and Deflation

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

During inflationary periods, substantially all of our tenant leases contain provisions designed to mitigate the impact of inflation. These provisions include clauses enabling us to receive percentage rent based on tenants' gross sales, which generally increase as prices rise, and/or escalation clauses, which generally increase rental rates during the terms of the leases. In addition, many of the leases are for terms of less than 10 years, which may provide us the opportunity to replace existing leases with new leases at higher base and/or percentage rent if rents of the existing leases are below the then existing market rate. Most of the leases require the tenants to pay a fixed amount, subject to annual increases, for their share of operating expenses, including CAM, real estate taxes, insurance and certain capital expenditures, which reduces our exposure to increases in costs and operating expenses resulting from inflation.

Non-GAAP Measure

Funds from Operations

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

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

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

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

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

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

FFO of the Operating Partnership decreased 46.9% to $44.0 million for the three months ended March 31, 2019 as compared to $82.9 million for the prior-year period. Excluding the adjustments noted below, FFO of the Operating Partnership, as adjusted, decreased 27.8% for the three months ended March 31, 2019 to $60.5 million compared to $83.8 million for the same period in 2018. The decrease in FFO, as adjusted, was primarily driven by lower property-level NOI, dilution from asset sales and higher general and administrative expenses resulting from legal and third party fees related to the new secured term loan and legal fees related to the class action lawsuit.

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

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Net loss attributable to common shareholders	**$ (50,199)**	$ (10,320)
Noncontrolling interest in loss of Operating Partnership	**(7,758)**	(1,665)
Depreciation and amortization expense of:		
Consolidated properties	**69,792**	71,750
Unconsolidated affiliates	**10,666**	10,401
Non-real estate assets	**(897)**	(921)
Noncontrolling interests' share of depreciation and amortization	**(2,157)**	(2,166)
Loss on impairment	**24,825**	18,061
Gain on depreciable property	**(242)**	(2,236)
FFO allocable to Operating Partnership common unitholders	**44,030**	82,904
Litigation settlement, net of taxes (1)	**87,667**	—
Non-cash default interest expense (2)	**542**	916
Gain on extinguishment of debt (3)	**(71,722)**	—
FFO allocable to Operating Partnership common unitholders, as adjusted	**$ 60,517**	$ 83,820
FFO per diluted share	**$ 0.22**	$ 0.42
FFO, as adjusted, per diluted share	**$ 0.30**	$ 0.42
Weighted-average common and potential dilutive common shares outstanding with Operating Partnership units fully converted	**200,010**	199,694

(1) The three months ended March 31, 2019 is comprised of the accrued maximum expense of $88.2 million related to the proposed settlement of a class action lawsuit.

(2) The three months ended March 31, 2019 includes default interest expense related to Acadiana Mall and Cary Towne Center. The three months ended March 31, 2018 includes default interest expense related to Acadiana Mall.

(3) The three months ended March 31, 2019 includes a gain on extinguishment of debt related to the non-recourse loan secured by Acadiana Mall, which was conveyed to the lender in the first quarter of 2019, and a gain on extinguishment of debt related to the non-recourse loan secured by Cary Towne Center, which was sold in the first quarter of 2019.

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

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Diluted EPS attributable to common shareholders	**$ (0.29)**	$ (0.06)
Eliminate amounts per share excluded from FFO:		
Depreciation and amortization expense, including amounts from consolidated properties, unconsolidated affiliates, non-real estate assets and excluding amounts allocated to noncontrolling interests	**0.39**	0.40
Loss on impairment, net of taxes	**0.12**	0.09
Gain on depreciable property, net of taxes and noncontrolling interests' share	**—**	(0.01)
FFO per diluted share	**$ 0.22**	$ 0.42

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

	Three Months Ended March 31,	
	2019	**2018**
FFO allocable to Operating Partnership common unitholders	**$ 44,030**	$ 82,904
Percentage allocable to common shareholders (1)	**86.62%**	86.10%
FFO allocable to common shareholders	**$ 38,139**	$ 71,380
FFO allocable to Operating Partnership common unitholders, as adjusted	**$ 60,517**	$ 83,820
Percentage allocable to common shareholders (1)	**86.62%**	86.10%
FFO allocable to common shareholders, as adjusted	**$ 52,420**	$ 72,169

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

ITEM 3: Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rate Risk

Based on our proportionate share of consolidated and unconsolidated variable-rate debt at March 31, 2019, a 0.5% increase or decrease in interest rates on variable-rate debt would decrease or increase annual cash flows by approximately $5.2 million and increase or decrease annual interest expense, after the effect of capitalized interest, by approximately $5.2 million.

Based on our proportionate share of total consolidated and unconsolidated debt at March 31, 2019, a 0.5% increase in interest rates would decrease the fair value of debt by approximately $53.0 million, while a 0.5% decrease in interest rates would increase the fair value of debt by approximately $54.6 million.

ITEM 4: Controls and Procedures

Disclosure Controls and Procedures

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

Changes in Internal Control over Financial Reporting

In conjunction with the implementation of ASC 842, *Leases*, which was adopted on January 1, 2019, we modified some of our processes around lease accounting. As a lessee, the guidance impacted the Company's condensed consolidated financial statements through the recognition of right-of-use ("ROU") assets and corresponding lease liabilities for operating leases as of January 1, 2019. As a lessor, the guidance impacted the Company's condensed consolidated financial statements in regard to the narrowed definition of initial direct costs that can be capitalized, the change in the presentation of rental revenues as one line item and the change in reporting uncollectable operating

lease receivables as a reduction of rental revenues instead of property operating expense. There have been no other changes in the Company's or the Operating Partnership's internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1: Legal Proceedings

In April 2019, we entered into a settlement agreement and release with respect to the class action lawsuit filed on March 16, 2016 in the United States District Court for the Middle District of Florida by Wave Lengths Hair Salons of Florida, Inc. d/b/a Salon Adrian. The settlement agreement states that we are to set aside a common fund with a monetary and non-monetary value of $90.0 million to be disbursed to class members in accordance with an agreed-upon formula that is based upon aggregate damages of $60.0 million. Class members will be comprised of past and current tenants at certain of our shopping centers that we own or formerly owned during the class period, which will extend from January 1, 2011 through the date of court preliminary approval. Class members who are past tenants and make a claim will receive payment of their claims in cash. Class members who are current tenants will receive monthly credits against rents and future charges, beginning no earlier than January 1, 2020 and continuing for the following five years. Any amounts under the settlement allocated to tenants with outstanding amounts payable to us, including tenants which have declared bankruptcy or declare bankruptcy over the relevant period, will first be deducted from the amounts owed to us. All attorney's fees and associated costs to be paid to class counsel (up to a maximum of $28.0 million), any incentive award to the class representative (up to a maximum of $50 thousand), and class administration costs (which are expected to not exceed $100 thousand), will be funded by the common fund, but must be approved by the court. Under the terms of the settlement agreement, we will not pay any dividends to holders of our common shares payable in the third and fourth quarters of 2019. The settlement agreement does not restrict our ability to declare dividends payable in 2020 or in subsequent years. We recorded an accrued liability and corresponding litigation settlement expense of $88,150 in the three months ended March 31, 2019 related to the settlement agreement.

We are 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. Based on current expectations, such matters, both individually and in the aggregate, are not expected to have a material adverse effect on our liquidity, results of operations, business or financial condition.

ITEM 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risks that could materially affect our business, financial condition or results of operations that are discussed under the caption "Risk Factors" in Part I, Item1A of our Annual Report on Form 10-K for the year ended December 31, 2018. There have been no material changes to such risk factors since the filing of our Annual Report.

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

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share (2)	Total Number of Shares Purchased as Part of a Publicly Announced Plan	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan
January 1 – 31, 2019	—	$ —	—	$ —
February 1 - 28, 2019	55,215	2.39	—	—
March 1 - 31, 2019	—	—	—	—
Total	55,215	$ 2.39	—	$ —

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

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

Operating Partnership Units

There is no established public trading market for the Operating Partnership's common units and they are not registered under Section 12 of the Securities Exchange Act of 1934. Each limited partner in the Operating Partnership has the right to exchange all or a portion of its common units for shares of the Company's common stock, or at the Company's election, their cash equivalent. There were no such exchange transactions during the three months ended March 31, 2019.

ITEM 3: Defaults Upon Senior Securities

None.

ITEM 4: Mine Safety Disclosures

Not applicable.

ITEM 5: Other Information

None.

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ITEM 6: Exhibits

INDEX TO EXHIBITS

Exhibit Number	Description
4.14.4	Third Supplemental Indenture, dated as of January 30, 2019, among CBL & Associates Limited Partnership, CBL & Associates Properties, Inc. and U.S. Bank National Association. Incorporated by reference to Current Report on Form 8-K, dated January 30, 2019 and filed February 5, 2019.*
4.14.6	Subsidiary Guarantee, dated as of January 30, 2019 among the Subsidiary Guarantors of CBL & Associates Limited Partnership. Incorporated by reference to Current Report on Form 8-K, dated January 30, 2019 and filed February 5, 2019.*
10.2.13	CBL & Associates Properties, Inc. Named Executive Officer Annual Incentive Compensation Plan (AIP) (Fiscal Year 2019). Incorporated by reference to Current Report on Form 8-K, dated February 11, 2019 and filed February 15, 2019.*
10.17	Credit Agreement by and among the Operating Partnership and the Company, and Wells Fargo Bank, national Association, et. al., dated January 30, 2019. Incorporated by Current Report on Form 8-K/A, dated January 30, 2019 and filed February 28, 2019.*
31.1	Certification pursuant to Securities Exchange Act Rule 13a-14(a) by the Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Properties, Inc.
31.2	Certification pursuant to Securities Exchange Act Rule 13a-14(a) by the Chief Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Properties, Inc.
31.3	Certification pursuant to Securities Exchange Act Rule 13a-14(a) by the Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Limited Partnership
31.4	Certification pursuant to Securities Exchange Act Rule 13a-14(a) by the Chief Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Limited Partnership
32.1	Certification pursuant to Securities Exchange Act Rule 13a-14(b) by the Chief Executive Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Properties, Inc.
32.2	Certification pursuant to Securities Exchange Act Rule 13a-14(b) by the Chief Financial Officer as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Properties, Inc.
32.3	Certification pursuant to Securities Exchange Act Rule 13a-14(b) by the Chief Executive Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Limited Partnership
32.4	Certification pursuant to Securities Exchange Act Rule 13a-14(b) by the Chief Financial Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Limited Partnership
99.1	**Combined Financial Statements of The Combined Guarantor Subsidiaries of CBL & Associates Limited Partnership**
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* Commission File No. 1-12494 and 333-182515-01.

SIGNATURES

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

CBL & ASSOCIATES PROPERTIES, INC.

/s/ Farzana Khaleel

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

CBL & ASSOCIATES LIMITED PARTNERSHIP

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

/s/ Farzana Khaleel

____

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

Date: May 10, 2019

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Section 2: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

CERTIFICATION

I, Stephen D. Lebovitz, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of CBL & Associates Properties, Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and

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

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2019

/s/ Stephen D. Lebovitz

Stephen D. Lebovitz, Director and
Chief Executive Officer

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Section 3: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

CERTIFICATION

I, Farzana Khaleel, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of CBL & Associates Properties, Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2019

/s/ Farzana Khaleel

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

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Section 4: EX-31.3 (EXHIBIT 31.3)

Exhibit 31.3

CERTIFICATION

I, Stephen D. Lebovitz, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of CBL & Associates Limited Partnership;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2019

/s/ Stephen D. Lebovitz

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

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Section 5: EX-31.4 (EXHIBIT 31.4)

Exhibit 31.4

CERTIFICATION

I, Farzana Khaleel, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of CBL & Associates Limited Partnership;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons

performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 10, 2019

/s/ Farzana Khaleel

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

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Section 6: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

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

In connection with the Quarterly Report of CBL & ASSOCIATES PROPERTIES, INC. (the “Company”) on Form 10-Q for the three months ending March 31, 2019 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

May 10, 2019

Date

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Section 7: EX-32.2 (EXHIBIT 32.2)

Exhibit 32.2

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

In connection with the Quarterly Report of CBL & ASSOCIATES PROPERTIES, INC. (the “Company”) on Form 10-Q for the three months ending March 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Farzana Khaleel, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350 (as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002), that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Farzana Khaleel

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

May 10, 2019

Date

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Section 8: EX-32.3 (EXHIBIT 32.3)

Exhibit 32.3

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

In connection with the Quarterly Report of CBL & ASSOCIATES LIMITED PARTNERSHIP (the “Operating Partnership”) on Form 10-Q for the three months ending March 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stephen D. Lebovitz, Chief Executive Officer of CBL Holdings I, Inc., the sole general partner of the Operating Partnership, certify, pursuant to 18 U.S.C. § 1350 (as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002), that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.

/s/ Stephen D. Lebovitz

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

May 10, 2019

Date

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Section 9: EX-32.4 (EXHIBIT 32.4)

Exhibit 32.4

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

In connection with the Quarterly Report of CBL & ASSOCIATES LIMITED PARTNERSHIP (the “Operating Partnership”) on Form 10-Q for the three months ending March 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Farzana Khaleel, Chief Financial Officer of CBL Holdings I, Inc., the sole general partner of the Operating Partnership, certify, pursuant to 18 U.S.C. § 1350 (as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002), that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.

/s/ Farzana Khaleel

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

May 10, 2019

Date

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Section 10: EX-99.1 (EXHIBIT 99.1)

The Combined Guarantor Subsidiaries of CBL & Associates Limited Partnership Table of Contents

Combined Guarantor Subsidiaries

The Combined Guarantor Subsidiaries of
CBL & Associates Limited Partnership
Combined Balance Sheets
(In thousands)
(Unaudited)

ASSETS	**March 31, 2019**	**December 31, 2018**
Real estate assets:		
Land	**$ 221,773**	$ 232,813
Buildings and improvements	**2,218,595**	2,361,707
	2,440,368	2,594,520
Accumulated depreciation	**(880,724)**	(921,562)
	1,559,644	1,672,958
Developments in progress	**8,083**	6,582
Net investment in real estate assets	**1,567,727**	1,679,540
Cash and cash equivalents	**8,057**	5,880
Receivables:		
Tenant, net of allowance for doubtful accounts of $260 in 2018	**28,302**	30,553
Other	**1,063**	1,007
Mortgage and other notes receivable	**76,729**	76,747
Intangible lease assets and other assets	**42,218**	48,133
	$ 1,724,096	$ 1,841,860
LIABILITIES AND OWNERS EQUITY		
Mortgage notes payable, net	**$ 256,078**	$ 377,996
Accounts payable and accrued liabilities	**34,416**	59,241
Total liabilities	**290,494**	437,237
Commitments and contingencies (Note 7 and Note 11)		
Owners' equity	**1,433,602**	1,404,623
	$ 1,724,096	$ 1,841,860

The accompanying notes are an integral part of these combined statements.

The Combined Guarantor Subsidiaries of
CBL & Associates Limited Partnership
Combined Statements of Operations
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2019	**2018**
REVENUES:		
Rental revenues	**$ 71,272**	$ 78,706
Other	**1,720**	1,732
Total revenues	**72,992**	80,438
OPERATING EXPENSES:		
Property operating	**(11,208)**	(12,308)
Depreciation and amortization	**(24,101)**	(24,499)
Real estate taxes	**(6,801)**	(7,159)
Maintenance and repairs	**(4,756)**	(4,718)
Loss on impairment	**(22,770)**	—
Total operating expenses	**(69,636)**	(48,684)
OTHER INCOME (EXPENSES):		
Interest and other income	**942**	2,133
Interest expense	**(3,985)**	(5,990)
Gain on extinguishment of debt	**61,796**	—
Gain on sales of real estate assets	**—**	1,718
Total other income (expenses)	**58,753**	(2,139)
Net income	**$ 62,109**	$ 29,615

The accompanying notes are an integral part of these combined statements.

The Combined Guarantor Subsidiaries of
CBL & Associates Limited Partnership
Combined Statements of Owners' Equity
(In thousands)
(Unaudited)

Balance, January 1, 2018	**$**	**1,486,164**
Net income		29,615
Contributions		50,514
Distributions		(56,447)
Balance, March 31, 2018	**$**	**1,509,846**

Balance, January 1, 2019	**$**	**1,404,623**
Net income		62,109
Contributions		17,363
Distributions		(41,658)
Noncash distributions		(8,835)
Balance, March 31, 2019	**$**	**1,433,602**

The accompanying notes are an integral part of these combined statements.

The Combined Guarantor Subsidiaries of
CBL & Associates Limited Partnership
Combined Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	**$ 62,109**	$ 29,615
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**24,101**	24,499
Net amortization of deferred financing costs, debt premiums and discounts	**62**	(122)
Net amortization of intangible lease assets and liabilities	**(611)**	(568)
Gain on sales of real estate assets	**—**	(1,718)
Loss on insurance proceeds	**64**	—
Loss on impairment	**22,770**	—
Gain on extinguishment of debt	**(61,796)**	—
Change in estimate of uncollectable rental revenues	**584**	476
Changes in:		
Tenant and other receivables	**(367)**	(844)
Other assets	**(632)**	(883)
Accounts payable and accrued liabilities	**(10,251)**	(3,016)
Net cash provided by operating activities	**36,033**	47,439
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to real estate assets	**(6,207)**	(13,032)
Proceeds from sales of real estate assets	**—**	2,547
Proceeds from insurance	**367**	—
Payments received on mortgage and other notes receivable	**17**	4,457
Changes in other assets	**(313)**	(142)
Net cash used in investing activities	**(6,136)**	(6,170)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on mortgage and other indebtedness	**(6,709)**	(39,516)
Distributions to owners	**(41,658)**	(56,447)
Contributions from owners	**17,363**	50,514
Net cash used in financing activities	**(31,004)**	(45,449)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**(1,107)**	(4,180)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of period	**13,020**	14,544
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period	**$ 11,913**	$ 10,364
Reconciliation from combined statements of cash flows to combined balance sheets:		
Cash and cash equivalents	**$ 8,057**	$ 5,085
Restricted cash [1]:		
Restricted cash	**—**	2,309
Mortgage escrows	**3,856**	2,970
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period	**$ 11,913**	$ 10,364
SUPPLEMENTAL INFORMATION:		
Cash paid for interest, net of amounts capitalized	**$ 3,375**	$ 4,217

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

The accompanying notes are an integral part of these combined statements.

The Combined Guarantor Subsidiaries of
CBL & Associates Limited Partnership
Notes to Unaudited Combined Financial Statements
(Dollars in thousands)

Note 1 – Organization and Basis of Presentation

CBL & Associates Properties, Inc. (“CBL”), a Delaware corporation, is a self-managed, self-administered, fully-integrated real estate investment trust (“REIT”) that is engaged in the ownership, development, acquisition, leasing, management and operation of regional shopping malls, open-air and mixed-use centers, outlet centers, associated centers, community centers and office properties. Its properties are located in 26 states, but are primarily in the southeastern and midwestern United States.

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

In January 2019, the Operating Partnership entered into a new $1,185,000 senior secured credit facility which replaced all of the Operating Partnership’s prior unsecured bank facilities. The secured credit facility is secured by 17 malls and 3 associated centers that are owned by 36 wholly owned subsidiaries of the Operating Partnership (collectively the “Combined Guarantor Subsidiaries”). The Combined Guarantor Subsidiaries own an additional five malls, two associated centers and four mortgage notes receivable that are not collateral for the secured credit facility. The properties that are collateral for the secured credit facility and the properties and mortgage notes receivable that are not collateral are collectively referred to as the “Guarantor Properties”. In addition to the secured credit facility, the Operating Partnership’s debt includes three separate series of senior unsecured notes (the “Notes”). Based on the terms of the Notes, to the extent that any subsidiary of the Operating Partnership executes and delivers a guarantee to another debt facility, the Operating Partnership shall also cause the subsidiary to guarantee the Operating Partnership’s obligations under the Notes on a senior basis. In January 2019, the Combined Guarantor Subsidiaries entered a guarantee agreement with the issuer of the Notes to satisfy the guaranty requirement. The Combined Guarantor Subsidiaries and Guarantor Properties consisted of the following:

Combined Guarantor Subsidiaries	Guarantor Properties	Location
CW Joint Venture, LLC Arbor Place Limited Partnership Multi-GP Holdings, LLC	Acadiana Mall(1) Arbor Place(1) Greenbrier Mall(1) Park Plaza(1) Shoppes at St. Claire Square(1) St. Claire Square(1)	Lafayette, LA Douglasville, GA Chesapeake, VA Little Rock, AR Fairview Heights, IL Fairview Heights, IL
CBL/Westmoreland, L.P. CBL/Westmoreland I, LLC CBL/Westmoreland II, LLC CW Joint Venture, LLC Arbor Place Limited Partnership Multi-GP Holdings, LLC	Westmoreland Mall Westmoreland Crossing	Greensburg, PA Greensburg, PA
Cherryvale Mall, LLC	CherryVale Mall	Rockford, IL
Madison/East Towne, LLC Madison Joint Venture CBL/Madison I, LLC	East Towne Mall	Madison, WI
Frontier Mall Associates Limited Partnership Mortgage Holdings LLC	Frontier Mall	Cheyenne, WY
JG Winston-Salem, LLC	Hanes Mall	Winston-Salem, NC
Imperial Valley Mall II, L.P. Imperial Valley Mall GP, LLC Imperial Valley Mall, L.P. CBL/Imperial Valley, GP, LLC	Imperial Valley Mall	El Centro, CA
Kirkwood Mall Acquisition LLC Kirkwood Mall Mezz LLC CBL/Kirkwood Mall, LLC	Kirkwood Mall	Bismarck, ND

Combined Guarantor Subsidiaries	Guarantor Properties	Location
Layton Hills Mall CMBS, LLC	Layton Hills Mall and Cinema Layton Hills Plaza Layton Hills Convenience Center	Layton, UT Layton, UT Layton, UT
Mall del Norte, LLC MDN/Laredo GP, LLC	Mall del Norte and Cinema	Laredo, TX
Mayfaire Town Center, LP Mayfaire GP, LLC	Mayfaire Town Center	Wilmington, NC
Mortgage Holdings, LLC	Four mortgage notes receivable (1)	Chattanooga, TN
Hixson Mall, LLC	Northgate Mall	Chattanooga, TN
Pearland Town Center Limited Partnership Pearl Ground, LLC Pearland Town Center GP, LLC	Pearland Town Center - Retail Pearland Town Center - Office	Pearland, TX
POM-College Station, LLC	Post Oak Mall	College Station, TX
CBL RM-Waco, LLC CBL/Richland G.P., LLC	Richland Mall	Waco, TX
CBL SM - Brownsville, LLC CBL/Sunrise GP, LLC	Sunrise Mall	Brownsville, TX
Turtle Creek Limited Partnership Mortgage Holdings, LLC	Turtle Creek Mall	Hattiesburg, MS
Madison/West Towne, LLC Madison Joint Venture CBL/Madison I, LLC	West Towne Mall	Madison, WI
Madison Joint Venture CBL/Madison I, LLC	West Town Crossing (1)	Madison, WI

(1) Property/asset is not collateral on the secured credit facility.

Each of the Combined Guarantor Subsidiaries meet the criteria in Rule 3-10(f) of SEC Regulation S-X to provide condensed consolidating financial information as additional disclosure in the notes to the Operating Partnership's condensed consolidated financial statements because each Combined Guarantor Subsidiary is 100% owned by the Operating Partnership, the guaranty issued by each Combined Guarantor Subsidiary is full and unconditional and the guaranty issued by each Combined Guarantor Subsidiary is joint and several. However, the Operating Partnership has elected to provide these combined financial statements and accompanying notes for the Combined Guarantor Subsidiaries in lieu of including the condensed consolidating financial information in the notes to its condensed consolidated financial statements. These combined financial statements and notes are presented as an exhibit to the Operating Partnership's quarterly report on Form 10-Q for ease of reference.

The accompanying combined financial statements are unaudited. The results for the interim period ended March 31, 2019 are not necessarily indicative of the results to be obtained for the full fiscal year.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements represent the combined financial statements of the Combined Guarantor Subsidiaries on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. All intercompany transactions have been eliminated. 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.

Accounting Guidance Adopted

Description	Date Adopted & Application Method	Financial Statement Effect and Other Information
ASU 2016-02, *Leases*, and related subsequent amendments	January 1, 2019 - Modified Retrospective (electing optional transition method to apply at adoption date and record cumulative-effect adjustment as of January 1, 2019)	The objective of the leasing guidance is to increase transparency and comparability by recognizing lease assets and liabilities on the balance sheet and disclosing key information about leasing arrangements. Putting nearly all leases on the balance sheet is the biggest change for lessees, as lessees will now be required to recognize a right-of-use ("ROU") asset and corresponding lease liability for assets with terms greater than 12 months. Under the FASB model, lessees will classify a lease as either a finance lease or an operating lease, while a lessor will classify a lease as either a sales-type, direct financing, or operating lease. A lessee should classify a lease based on whether the arrangement is effectively a purchase of the underlying asset. Leases that transfer control of the underlying asset to a lessee are classified as finance leases for lessees and sales-type leases for lessors, whereas leases where the lessee obtains control of only the use of the underlying asset, but not the underlying asset itself, will be classified as operating leases for both lessees and lessors. A lease may meet the lessee finance lease criteria even when control of the underlying asset is not transferred to the lessee, and in these cases the lease would be classified as an operating lease for the lessee and a direct finance lease by the lessor. The guidance to be applied by lessors is substantially similar to existing GAAP. In order to align lessor accounting with the principles in the revenue recognition guidance in ASC 606, a lessor is precluded from recognizing selling profit or sales revenue at lease commencement for a lease that does not transfer control of the underlying asset to the lessee. As a lessee, the guidance impacted the Combined Guarantor Subsidiaries' combined financial statements through the recognition of right-of-use ("ROU") assets and corresponding lease liabilities for operating leases as of January 1, 2019. As a lessor, the guidance impacted the Combined Guarantor Subsidiaries' combined financial statements in regard to the narrowed definition of initial direct costs that can be capitalized, the change in the presentation of rental revenues as one line item and the change in reporting uncollectable operating lease receivables as a reduction of rental revenues instead of property operating expense. The adoption did not result in a cumulative catch-up adjustment to opening equity. See Note 4 for further details.

Accounting Guidance Not Yet Effective

Description	Expected Adoption Date & Application Method	Financial Statement Effect and Other Information
ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*	January 1, 2020 - Modified Retrospective	The guidance replaces the current incurred loss impairment model, which reflects credit events, with a current expected credit loss model, which recognizes an allowance for credit losses based on an entity's estimate of contractual cash flows not expected to be collected. The Combined Guarantor Subsidiaries are evaluating the impact that this update may have on the combined financial statements and related disclosures.

Real Estate Assets

The Combined Guarantor Subsidiaries capitalize predevelopment project costs paid to third parties. All previously capitalized predevelopment costs are expensed when it is no longer probable that the project will be completed. Once development of a project commences, all direct costs incurred to construct the project, including interest and real estate taxes, are capitalized. Additionally, certain general and administrative expenses are allocated to the projects and capitalized based on the amount of time applicable personnel work on the development project.

Ordinary repairs and maintenance are expensed as incurred. Major replacements and improvements are capitalized and depreciated over their estimated useful lives.

All acquired real estate assets have been accounted for using the acquisition method of accounting and accordingly, the results of operations are included in the consolidated statements of operations from the respective dates of acquisition. The Combined Guarantor Subsidiaries allocate the purchase price to (i) tangible assets, consisting of land, buildings and improvements, as if vacant, and tenant improvements, and (ii) identifiable intangible assets and liabilities, generally consisting of above-market leases, in-place leases and tenant relationships, which are included in other assets, and below-market leases, which are included in accounts payable and accrued liabilities. The Combined Guarantor Subsidiaries use estimates of fair value based on estimated cash flows, using appropriate discount rates, and other valuation techniques to allocate the purchase price to the acquired tangible and intangible assets. Liabilities assumed generally consist of mortgage debt on the real estate assets acquired. Assumed debt is recorded at its fair value based on estimated market interest rates at the date of acquisition. The Combined Guarantor Subsidiaries expect future acquisitions will be accounted for as acquisitions of assets in which related transaction costs will be capitalized.

Depreciation is computed on a straight-line basis over estimated lives of 40 years for buildings, 10 to 20 years for certain improvements and 7 to 10 years for equipment and fixtures. Tenant improvements are capitalized and depreciated on a straight-line basis over the term of the related lease. Lease-related intangibles from acquisitions of real estate assets are generally amortized over the remaining terms of the related leases. The amortization of above- and below-market leases is recorded as an adjustment to rental revenues, while the amortization of all other lease-related intangibles is recorded as amortization expense. Any difference between the face value of the debt assumed and its fair value is amortized to interest expense over the remaining term of the debt using the effective interest method.

The Combined Guarantor Subsidiaries' intangibles and their balance sheet classifications as of March 31, 2019 and December 31, 2018, are summarized as follows:

	March 31, 2019		**December 31, 2018**	
	Cost	**Accumulated Amortization**	**Cost**	**Accumulated Amortization**
Intangible lease assets and other assets:				
Above-market leases	**$ 12,064**	**$ (11,124)**	$ 12,307	$ (11,198)
In-place leases	**44,321**	**(36,547)**	46,229	(37,381)
Tenant relationships	**25,818**	**(4,455)**	27,866	(4,880)
Accounts payable and accrued liabilities:				
Below-market leases	**27,975**	**(21,683)**	28,942	(21,805)

These intangibles are related to specific tenant leases. Should a termination occur earlier than the date indicated in the lease, the related unamortized intangible assets or liabilities, if any, related to the lease are recorded as expense or income, as applicable. The total net amortization expense of the above intangibles was $626 and $726 for the three months ended March 31, 2019 and 2018, respectively. The estimated total net amortization expense for the nine remaining months of 2019 and the following five succeeding years is $1,255 for the remainder of 2019, $1,195 in 2020, $1,241 in 2021, $1,020 in 2022, $706 in 2023 and $620 in 2024.

Total interest expense capitalized was $95 and $188 for the three months ended March 31, 2019 and 2018, respectively.

Carrying Value of Long-Lived Assets

The Combined Guarantor Subsidiaries monitor events or changes in circumstances that could indicate the carrying value of a long-lived asset may not be recoverable. When indicators of potential impairment are present that suggest that the carrying amounts of a long-lived asset may not be recoverable, the Combined Guarantor Subsidiaries assess the recoverability of the asset by determining whether the asset's carrying value will be recovered through the estimated undiscounted future cash flows expected from the Combined Guarantor Subsidiaries' probability weighted use of the asset and its eventual disposition. In the event that such undiscounted future cash flows do not exceed the carrying value, the Combined Guarantor Subsidiaries adjust the carrying value of the long-lived asset to its estimated fair value and recognizes an impairment loss. The estimated fair value is calculated based on the following information, in order of preference, depending upon availability: (Level 1) recently quoted market prices, (Level 2) market prices for comparable properties, or (Level 3) the present value of future cash flows, including estimated salvage value. Certain of the Combined Guarantor Subsidiaries' long-lived assets may be carried at more than an amount that could be realized in a current disposition transaction. Projections of expected future operating cash flows require that the Combined Guarantor Subsidiaries estimate future market rental income amounts subsequent to expiration of current lease agreements, property operating expenses, the number of months it takes to re-lease the property, and the number of years the property is held for investment, among other factors. As these assumptions are subject to economic and market uncertainties, they are difficult to predict and are subject to future events that may alter the assumptions used or management's estimates of future possible outcomes. Therefore, the future cash flows estimated in the Combined Guarantor Subsidiaries' impairment analyses may not be achieved. See Note 5 for information related to the impairment of long-lived assets for 2019 and 2018.

Cash and Cash Equivalents

The Combined Guarantor Subsidiaries consider all highly liquid investments with original maturities of three months or less as cash equivalents.

Restricted Cash

Restricted cash of $3,856 and $7,139 was included in intangible lease assets and other assets at March 31, 2019 and December 31, 2018, respectively. Restricted cash consists primarily of 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.

Deferred Financing Costs

Net deferred financing costs related to the Combined Guarantor Subsidiaries' indebtedness of $299 and $361 were included in mortgage notes payable at March 31, 2019 and December 31, 2018, respectively. Deferred financing costs include fees and costs incurred to obtain financing and are amortized on a straight-line basis to interest expense over the terms of the related indebtedness. Amortization expense related to deferred financing costs was $62 and $77 for the three months ended March 31, 2019 and 2018, respectively. Accumulated amortization of deferred financing costs was $1,154 and $1,092 as of March 31, 2019 and December 31, 2018, respectively.

Gain on Sales of Real Estate Assets

Gains on the sale of real estate assets, like all non-lease related revenue, are subject to a five-step model requiring that the Combined Guarantor Subsidiaries identify the contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue upon satisfaction of the performance obligations. In circumstances where the Combined Guarantor Subsidiaries contract to sell a property with material post-sale involvement, such involvement must be accounted for as a separate performance obligation in the contract and a portion of the sales price allocated to each performance obligation. When the post-sale involvement performance obligation is satisfied, the portion of the sales price allocated to it will be recognized as gain on sale of real estate assets. Property dispositions with no continuing involvement will continue to be recognized upon closing of the sale.

Income Taxes

No provision has been made for federal and state income taxes since these taxes are the responsibility of the owners. As of March 31, 2019, tax years that generally remain subject to examination by the Combined Guarantor Subsidiaries' major tax jurisdictions include 2018, 2017, 2016 and 2015.

Concentration of Credit Risk

The Combined Guarantor Subsidiaries tenants include national, regional and local retailers. Financial instruments that subject the Combined Guarantor Subsidiaries to concentrations of credit risk consist primarily of tenant receivables. The Combined Guarantor Subsidiaries generally do not obtain collateral or other security to support financial instruments subject to credit risk, but monitors the credit standing of tenants. The Combined Guarantor Subsidiaries derive a substantial portion of rental income from various national and regional retail companies; however, no single tenant collectively accounted for more than 4.1% of the Combined Guarantor Subsidiaries' total combined revenues in the three months ended March 31, 2019 and 2018.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Note 3 – Revenues

Contract Balances

A summary of the Combined Guarantor Subsidiaries' contract liability activity during the three months ended March 31, 2019 is presented below:

	Contract Liability
Balance as of December 31, 2018	$ 79
Completed performance obligation	—
Contract obligation	—
Balance as of March 31, 2019	$ 79

The Combined Guarantor Subsidiaries have the following contract balances as of March 31, 2019:

			Expected Settlement Period			
Description	**Financial Statement Line Item**	**As of March 31, 2019**	**2019**	**2020**	**2021**	**2022**
Contract liability (1)	Other rents	79	(19)	(20)	(20)	(20)

(1) Relates to a contract in which the Combined Guarantor Subsidiaries received advance payments in the initial year of the multi-year contract.

Revenues

Sales taxes are excluded from revenues. The following table presents the Combined Guarantor Subsidiaries' revenues disaggregated by revenue source:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Rental revenues (1)	$ 71,272	$ 78,706
Revenues from contracts with customers (ASC 606):		
Operating expense reimbursements (2)	1,151	1,168
Marketing revenues (3)	437	508
	1,588	1,676
Other revenues	132	56
Total revenues	$ 72,992	$ 80,438

(1) Revenues from leases that commenced subsequent to December 31, 2018 are accounted for in accordance with ASC 842, *Leases*, whereas all leases existing prior to that date are accounted for in accordance with ASC 840, *Leases*. See Note 4.

(2) Includes $1,151 in the Malls segment for the three months ended March 31, 2019. Includes $1,168 in the Malls segment for the three months ended March 31, 2018. See description below.

(3) Includes $437 in the Malls segment for the three months ended March 31, 2019. Includes $508 in the Malls segment for the three months ended March 31, 2018.

See Note 10 for information on the Combined Guarantor Subsidiaries' segments.

Revenue from Contracts with Customers

Operating expense reimbursements

Under operating and other agreements with third parties that own anchor or outparcel buildings at the Combined Guarantor Subsidiaries' properties and pay no rent, the Combined Guarantor Subsidiaries receive reimbursements for

certain operating expenses such as ring road and parking lot maintenance, landscaping and other fees. These arrangements are primarily either set at a fixed rate with rate increases typically every five years or are on a variable (pro rata) basis, typically as a percentage of costs allocated based on square footage or sales. The majority of these contracts have an initial term and one or more extension options, which cumulatively approximate 50 or more years as historically the initial term and any extension options are reasonably certain of being executed by the third party. The standalone selling price of each performance obligation is determined based on the terms of the contract, which typically assign a price to each performance obligation that directly relates to the value the customer receives for the services being provided. Revenue is recognized as services are transferred to the customer. Variable consideration is based on historical experience and is generally recognized over time using the cost-to-cost method of measurement because it most accurately depicts the Combined Guarantor Subsidiaries' performance in satisfying the performance obligation. The cumulative catch-up method is used to recognize any adjustments in variable consideration estimates. Under this method, any adjustment is recognized in the period it is identified.

Marketing revenues

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

Performance obligations

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

Practical Expedients

The Combined Guarantor Subsidiaries do not disclose the value of open performance obligations for (1) contracts with an original expected duration of one year or less and (2) contracts for which the Combined Guarantor Subsidiaries recognize revenue at the amount to which they have the right to invoice, which primarily relate to services performed for certain operating expense reimbursements, as described above. Performance obligations related to fixed operating expense reimbursements for certain noncancellable contracts are disclosed below.

Outstanding Performance Obligations

The Combined Guarantor Subsidiaries have outstanding performance obligations related to certain noncancellable contracts with customers for which they will receive fixed operating expense reimbursements for providing certain maintenance and other services as described above. As of March 31, 2019, the Combined Guarantor Subsidiaries expect 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	$ 15,263	$ 27,709	$ 34,288	$ 77,260

The Combined Guarantor Subsidiaries evaluate 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 is constrained.

Note 4 – Leases

Adoption of ASU 2016-02, and all related subsequent amendments

The Combined Guarantor Subsidiaries adopted ASC 842 (which includes ASU 2016-02 and all related subsequent amendments) on January 1, 2019 and applied the guidance to leases that commenced on or after January 1, 2019. Historical amounts for prior periods were not adjusted and will continue to be reported using the guidance in ASC 840, *Leases*.

To determine whether a contract contains a lease, the Combined Guarantor Subsidiaries evaluated contracts and verified that there was an identified asset and that the Combined Guarantor Subsidiaries, or the tenant, have the right to obtain substantially all the economic benefits from the use of the asset throughout the contract term. If a contract is determined to contain a lease, the lease is evaluated to determine whether it is an operating or financing lease, if the Combined Guarantor Subsidiaries are the lessee, or the lease is evaluated to determine whether it is an operating, direct financing or sales-type lease, if the Combined Guarantor Subsidiaries are the lessor. After determining that the contract contains a lease, the Combined Guarantor Subsidiaries identified the lease component and any nonlease components associated with that lease component, and through the Combined Guarantor Subsidiaries' election to combine lease and nonlease components for all asset classes, combined the components into a single lease component within each applicable lease.

The discount rate to be used for each lease was determined by assessing the Company’s debt information, assessing the credit rating of the Company and the Company’s debt, estimating a synthetic “secured” credit rating for the Company and estimating an appropriate incremental borrowing rate. Rental expense for lease payments related to operating leases is recognized on a straight-line basis over the lease term.

See Note 2 for additional information about these accounting standards.

Lessor

Rental Revenues

The majority of the Combined Guarantor Subsidiaries' revenues are earned through the lease of space at its properties. All of the Combined Guarantor Subsidiaries' leases with tenants for the use of space at our properties are classified as operating leases. Rental revenues include minimum rent, percentage rent, other rents and reimbursements from tenants for real estate taxes, insurance, common area maintenance ("CAM") and other operating expenses as provided in the lease agreements. The option to extend or terminate our leases is specific to each underlying tenant agreement. Typically, the Combined Guarantor Subsidiaries' leases contain penalties for early termination. The Combined Guarantor Subsidiaries do not have any leases that convey the right for the lessee to purchase the leased asset.

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

The Combined Guarantor Subsidiaries receive reimbursements from tenants for real estate taxes, insurance, CAM and other recoverable operating expenses as provided in the lease agreements. Any tenant reimbursements that require fixed payments are recognized on a straight-line basis over the initial terms of the related leases, whereas any variable payments are recognized when earned in accordance with the tenant lease agreements. Tenant reimbursements related to certain capital expenditures are billed to tenants over periods of 5 to 15 years.

The components of rental revenues are as follows:

	Three Months Ended March 31, 2019
Fixed lease payments	$ 60,247
Variable lease payments	11,025
Total rental revenues	**$ 71,272**

The undiscounted future fixed lease payments to be received under the Combined Guarantor Subsidiaries' operating leases as of March 31, 2019, are as follows:

Year Ending December 31,	Operating Leases
2019 (1)	$ 155,169
2020	185,745
2021	164,309
2022	134,017
2023	112,541
2024	85,865
Thereafter	248,223
Total undiscounted lease payments	$ 1,085,869

(1) Reflects rental payments for the fiscal period April 1, 2019 through December 31, 2019.

As required by the Comparative Under ASC 840 Option, which is a transitional amendment that allows for the presentation of comparative periods in the year of adoption under ASC 840 (the former leasing guidance), the Combined Guarantor Subsidiaries' future minimum rental income from lessees under non-cancellable operating leases where the Combined Guarantor Subsidiaries are the lessor as of December 31, 2018 is also presented below:

Years Ending December 31,	Operating Leases
2019	$ 184,923
2020	154,944
2021	133,093
2022	107,092
2023	86,957
Thereafter	193,324
Total	$ 860,333

Lessee

The Combined Guarantor Subsidiaries have one ground lease where they own the buildings and improvements, but lease the underlying land. The maturity of the lease is January 1, 2073 and provides for five year renewal options. The Combined Guarantor Subsidiaries included the renewal options in the lease term for purposes of calculating the lease liability and ROU asset because they have no plans to cease operating the asset associated with this ground lease. The lease payments on the ground lease are fixed.

The Combined Guarantor Subsidiaries' ROU asset and lease liability are presented in the combined balance sheets within intangible lease assets and other assets and accounts payable and accrued liabilities, respectively. A summary of the Combined Guarantor Subsidiaries' ROU asset and lease liability activity during the three months ended March 31, 2019 is presented below:

	ROU Asset	Lease Liability
Balance as of January 1, 2019	$ 493	$ 490
Cash reduction	(10)	(10)
Noncash increase	7	10
Balance as of March 31, 2019	$ 490	$ 490

The Combined Guarantor Subsidiaries' incurred $10 of lease expense for the three months ended March 31, 2019.

The undiscounted future lease payments to be paid under the Combined Guarantor Subsidiaries' operating lease as of March 31, 2019, are as follows:

Year Ending December 31,		Operating Lease
2019 (1)	$	30
2020		41
2021		41
2022		41
2023		41
2024		41
Thereafter		1,949
Total undiscounted lease payments	$	2,184
Less imputed interest		(1,694)
Lease Liability	$	490

(1) Reflects rental payments for the fiscal period April 1, 2019 through December 31, 2019.

As required by the Comparative Under ASC 840 Option, which is a transitional amendment that allows for the presentation of comparative periods in the year of adoption under ASC 840 (the former leasing guidance), the Combined Guarantor Subsidiaries' future obligations to be paid under the Combined Guarantor Subsidiaries' operating leases where the Combined Guarantor Subsidiaries are the lessee as of December 31, 2018 are also presented below:

2019	$	41
2020		41
2021		41
2022		41
2023		41
Thereafter		1,990
	$	2,195

Practical Expedients

In regard to leases that commenced before January 1, 2019, the Combined Guarantor Subsidiaries elected to use a package of practical expedients to not reassess whether any expired or existing contracts are or contain a lease, to not reassess lease classification for any expired or existing leases, and to not reassess initial direct costs for any existing leases. The Combined Guarantor Subsidiaries also elected a practical expedient to not assess whether existing or expired land easements that were not previously accounted for as leases under ASC 840 are or contain a lease under ASC 842. Additionally, the Combined Guarantor Subsidiaries elected a practical expedient by class of underlying asset applied to all leases to elect not to separate lease and nonlease components as long as the lease and at least one nonlease component have the same timing and pattern of transfer and the lease is classified as an operating lease. The combined component is being accounted for under ASC 842. The Combined Guarantor Subsidiaries made an accounting policy election to exclude sales and other similar taxes from revenues, and instead account for them as costs of the lessee. Lastly, the Combined Guarantor Subsidiaries have elected not to apply the recognition requirements of ASC 842 to short-term leases.

See Note 2 for additional information about these accounting standards.

Note 5 – Fair Value Measurements

The Combined Guarantor Subsidiaries have categorized 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 Combined Guarantor Subsidiaries' assumptions and best judgment.

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

Fair Value Measurements on a Recurring Basis

The carrying values of cash and cash equivalents, receivables, accounts payable and accrued liabilities are reasonable estimates of their fair values because of the short-term nature of these financial instruments. Based on the interest rates for similar financial instruments, the carrying value of the note receivable is a reasonable estimate of fair value. The estimated fair value of mortgage notes payable was $257,032 and $319,222 at March 31, 2019 and December 31, 2018, respectively. The fair value was calculated using Level 2 inputs by discounting future cash flows for mortgage notes payable using estimated market rates at which similar loans would be made currently.

Fair Value Measurements on a Nonrecurring Basis

The Combined Guarantor Subsidiaries measure 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 Combined Guarantor Subsidiaries consider both quantitative and qualitative factors in its impairment analysis of long-lived assets. Significant quantitative factors include historical and forecasted information for each property such as net operating income ("NOI"), occupancy statistics and sales levels. Significant qualitative factors used include market conditions, age and condition of the property and tenant mix. Due to the significant unobservable estimates and assumptions used in the valuation of long-lived assets that experience impairment, the Combined Guarantor Subsidiaries classify 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 2019

The following table sets forth information regarding the Combined Guarantor Subsidiaries' assets that are measured at fair value on a nonrecurring basis and related impairment charges for the three months ended March 31, 2019:

		Fair Value Measurements at Reporting Date Using			
	Total	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Loss on Impairment**
Long-lived assets	**$ 56,300**	**$ —**	**$ —**	**$ 56,300**	**$ 22,770**

During the three months ended March 31, 2019, the Combined Guarantor Subsidiaries recognized an impairment of $22,770 related to one mall.

Impairment Date	**Property**	**Location**	**Segment Classification**	**Loss on Impairment**	**Fair Value**
March	Greenbrier Mall (1)	Chesapeake, VA	Malls	**$ 22,770**	**$ 56,300**

(1) In accordance with the Combined Guarantor Subsidiaries' quarterly impairment process, the Combined Guarantor Subsidiaries wrote down the book value of the mall to its estimated fair value of $56,300. The mall has experienced a decline of NOI due to store closures and rent reductions. Additionally, one anchor was vacant as of March 31, 2019. Management determined the fair value of Greenbrier Mall using a

discounted cash flow methodology. The discounted cash flow used assumptions including a holding period of ten years, with a sale at the end of the holding period, a capitalization rate of 11.0% and a discount rate 11.5%.

Note 6 – Dispositions

The Combined Guarantor Subsidiaries evaluate disposals utilizing the guidance in ASU 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. Based on analysis, the Combined Guarantor Subsidiaries 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 for all periods presented, as applicable.

2019 Dispositions

The Combined Guarantor Subsidiaries recognized a gain on extinguishment of debt for the property listed below, which represented the amount by which the outstanding debt balance exceeded the net book value of the property as of the transfer date. See Note 7 for more information. The following is a summary of the Combined Guarantor Subsidiaries' 2019 dispositions:

Transfer Date	Property	Property Type	Location	Balance of Non-recourse Debt	Gain on Extinguishment of Debt
January	Acadiana Mall (1)	Mall	Lafayette, LA	$ 119,760	$ 61,796

(1) The Combined Guarantor Subsidiaries transferred title to the mall to the mortgage holder in satisfaction of the non-recourse debt secured by the property. A loss on impairment of real estate of $43,007 was recorded in 2017 to write down the book value of the mall to its then estimated fair value. The Combined Guarantor Subsidiaries also recorded $305 of aggregate non-cash default interest expense during the first quarter of 2019.

2018 Dispositions

The Combined Guarantor Subsidiaries realized a gain of $1,718 primarily related to the sale of four outparcels during the three months ended March 31, 2018.

Note 7 – Mortgage Notes Payable, Net

Mortgage notes payable, net, consisted of the following:

	Interest Rate (1)	Maturity Date	March 31, 2019	December 31, 2018
Property				
Acadiana Mall (2)	**5.67%**	**Apr-17**	**$ —**	$ 119,760
Greenbrier Mall	**5.41%**	**Dec-19**	**67,201**	68,101
Park Plaza Mall	**5.28%**	**Apr-21**	**80,564**	81,287
Arbor Place Mall	**5.10%**	**May-22**	**108,612**	109,209
Total mortgage notes payable	**5.24%**		**256,377**	378,357
Unamortized deferred financing costs			**(299)**	(361)
Total mortgage notes payable, net			**$ 256,078**	$ 377,996

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

(2) See Note 6 related to the retirement of this loan.

2018 Loan Repayments

In January 2018, the Combined Guarantor Subsidiaries repaid the outstanding balance of $37,295 on the fixed-rate loan secured by Kirkwood Mall with cash contributed by the Operating Partnership. The loan had a maturity date of April 2018 and bore interest at 5.75%.

Scheduled Principal Payments

As of March 31, 2019, the scheduled principal amortization and balloon payments of the Combined Guarantor Subsidiaries' mortgage notes payable, excluding extensions available at the Combined Guarantor Subsidiaries' option, are as follows:

2019	$ 71,187
2020	5,574
2021	77,844
2022	101,772
	256,377

Unamortized deferred financing costs		(299)
Total mortgage notes payable, net	$	256,078

Of the $71,187 of scheduled principal payments in 2019, $67,201 relates to the principal balance of Greenbrier Mall and $3,986 relates to scheduled principal amortization.

The Combined Guarantor Subsidiaries' mortgage notes payable had a weighted-average maturity of 2.11 years as of March 31, 2019 and 1.08 years as of December 31, 2018.

Note 8 – Mortgage and Other Notes Receivable

Each of the mortgage notes receivable is collateralized by a first mortgage. Other notes receivable include amounts due from a government sponsored district for reimbursable costs pursuant to an agreement with the district. The Combined Guarantor Subsidiaries review the mortgage and other notes receivable to determine if the balances are realizable based on factors affecting the collectability of those balances. Mortgage and other notes receivable consist of the following:

		As of March 31, 2019		As of December 31, 2018	
	Maturity Date	Interest Rate	Balance	Interest Rate	Balance
Mortgages:					
The Promenade (1)	Jun 2019	**5.00%**	**$ 47,514**	5.00%	$ 47,514
Hamilton Corner (1)	Aug 2019	**5.67%**	**14,295**	5.67%	14,295
Forum at Grandview (1)	Sep 2023	**5.25%**	**12,400**	5.25%	12,400
Village Square (2)	Mar 2019	**4.00%**	**1,290**	4.00%	1,308
			75,499		75,517
Other Notes Receivable:					
Community improvement district	Aug 2028	**7.50%**	**1,230**	7.50%	1,230
			1,230		1,230
			$ 76,729		$ 76,747

(1) The mortgaged property is owned by an entity that is controlled by the Operating Partnership and included in the Operating Partnership's condensed consolidated financials statements. The mortgage note receivable is interest only.

(2) The note was amended subsequent to March 31, 2019 to extend the maturity date and restructure the monthly payment amount.

Note 9 – Related Party Transactions

The Combined Guarantor Subsidiaries are party to management agreements with CBL & Associates Management, Inc. (“CBL Management”), which is controlled by the Operating Partnership, to manage the Guarantor Properties. The agreements provide that the Guarantor Properties pay management fees equal to a percentage of gross revenues as defined by the respective management agreements. The management fee percentage ranges from 2.5% to 3.5% based on the agreements. Management fee expense was $1,491 and $1,551 for the three months ended March 31, 2019 and 2018, respectively.

Amounts payable to CBL Management for management fees were $167 and $176 as of March 31, 2019 and December 31, 2018.

Note 10 – Segment Information

The Combined Guarantor Subsidiaries measure performance and allocate 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 Combined Guarantor Subsidiaries' segments is presented as follows:

Three Months Ended March 31, 2019	Malls	All Other (1)	Total
Revenues	**$ 70,400**	**$ 2,592**	**$ 72,992**
Property operating expenses (2)	**(22,169)**	**(596)**	**(22,765)**
Interest expense	**(3,985)**	**—**	**(3,985)**
Segment profit	**$ 44,246**	**$ 1,996**	**46,242**

Depreciation and amortization expense			**(24,101)**
Interest and other income			**942**
Gain on extinguishment of debt			**61,796**
Loss on impairment			**(22,770)**
Net income			**$ 62,109**
Capital expenditures (3)	**$ 2,618**	**$ —**	**$ 2,618**

Three Months Ended March 31, 2018	Malls	All Other (1)	Total
Revenues	$ 77,661	$ 2,777	$ 80,438
Property operating expenses (2)	(23,553)	(632)	(24,185)
Interest expense	(5,990)	—	(5,990)
Gain on sales of real estate assets	1,718	—	1,718
Segment profit	$ 49,836	$ 2,145	51,981
Depreciation and amortization expense			(24,499)
Interest and other income			2,133
Net income			$ 29,615
Capital expenditures (3)	$ 9,163	$ 186	$ 9,349

Total Assets	Malls	All Other (1)	Total
March 31, 2019	**$ 1,578,912**	**$ 145,184**	**$ 1,724,096**
December 31, 2018	$ 1,697,211	$ 144,649	$ 1,841,860

(1) The All Other category includes associated centers and notes receivable.

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

(3) Amounts include acquisitions of real estate assets. Developments in progress are included in the All Other category.

Note 11 – Contingencies

Litigation

On March 20, 2019, the board of directors of CBL, the parent of the Operating Partnership, approved the structure of a settlement of a class action lawsuit filed on March 16, 2016 in the United States District Court for the Middle District of Florida (the “Court”) by Wave Lengths Hair Salons of Florida, Inc. d/b/a Salon Adrian. The CBL entities that were the defendants in the action (and which are responsible for payments under the settlement) are CBL & Associates Properties, Inc., CBL & Associates Limited Partnership, CBL & Associates Management, Inc. and JG Gulf Coast Town Center, LLC (collectively, the “CBL Defendant Entities”). In its action, plaintiff sought unspecified monetary damages as well as costs and attorneys’ fees, based on allegations that the CBL Defendant Entities overcharged tenants at bulk metered malls for electricity. Under the terms of the proposed settlement, the CBL Defendant Entities have denied all allegations of wrongdoing and have asserted that their actions have at all times been lawful and proper. No Combined Guarantor Subsidiary is a CBL Defendant Entity and no Combined Guarantor Subsidiary is responsible for payment of amounts under the above-referenced settlement.

Class members will include past and current tenants of certain Guarantor Properties (the “Guarantor Class Subsidiaries”) during the class period, which will extend from January 1, 2011 through the date of the Court's preliminary approval of the settlement. Under the terms of the proposed settlement, class members who are past tenants and make a claim will receive payment of their claims in cash. Class members who are current tenants will receive monthly credits against rents and future charges for a five-year period that will begin at a time determined in conjunction with the final settlement agreement (the “credit period”). Any amounts under the settlement allocated to tenants with outstanding amounts payable to the Guarantor Class Subsidiaries, the CBL Defendant Entities or any other affiliate of those entities, including tenants which have declared bankruptcy or declare bankruptcy over the credit period, will first be deducted from the amounts owed to the Guarantor Class Subsidiaries, the CBL Defendant Entities, or any other affiliate of those entities. CBL Defendant Entities will be responsible for directly paying all cash payments that are made to past tenants who have made a claim. CBL Defendant Entities will be responsible for directly funding to the Guarantor Class Subsidiaries an amount equal to any credits that are due to and taken by current tenants of the Guarantor Class Subsidiaries during the credit period. CBL Defendant Entities intend to fund all amounts due to past and current tenants under the settlement such that the Guarantor Class Subsidiaries' cash flows and results of operations are not impacted by the settlement.

The Combined Guarantor Subsidiaries are 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 Combined Guarantor Subsidiaries record 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 Combined Guarantor Subsidiaries accrue the best estimate within the range. If no amount within the range is a better estimate than any other amount, the Combined Guarantor Subsidiaries accrue the minimum amount within the range. If an unfavorable outcome is probable but the amount of the loss cannot be reasonably estimated, the Combined Guarantor Subsidiaries disclose the nature of the litigation and indicate 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 Combined Guarantor Subsidiaries disclose 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 Combined Guarantor Subsidiaries.

Environmental Contingencies

The Combined Guarantor Subsidiaries evaluate 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 Combined Guarantor Subsidiaries believe the maximum potential exposure to loss would not be material to results of operations or financial condition.

The Combined Guarantor Subsidiaries have a master insurance policy that provides coverage through 2022 for certain environmental claims up to $10,000 per occurrence and up to $50,000 in the aggregate, subject to deductibles and certain exclusions. At certain locations, individual policies are in place.

Note 12 – Noncash Investing and Financing Activities

The Combined Guarantor Subsidiaries' noncash investing and financing activities were as follows:

	Three Months Ended March 31,	
	2019	**2018**
Additions to real estate assets accrued but not yet paid	**$ 2,583**	$ 6,024
Distribution of properties to owners	**8,835**	—
Lease liabilities arising from obtaining right-of-use assets	**490**	—
Transfer of real estate assets in settlement of mortgage debt obligation:		
Decrease in real estate assets	**(60,058)**	—
Decrease in mortgage and other indebtedness	**115,271**	—
Decrease in operating assets and liabilities	**8,246**	—
Decrease in intangible lease and other assets	**(1,663)**	—