

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re: CBL & ASSOCIATES PROPERTIES, INC., et al., Debtors.¹	§ § § § § § §	Chapter 11 Case No. 20- 35226 (DRJ) (Jointly Administered) Related Docket Nos. 1369 and 1370
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NOTICE OF FILING OF CONFIRMATION HEARING DEMONSTRATIVE

PLEASE TAKE NOTICE THAT, on August 9, 2021, CBL & Associates Properties, Inc. and its debtor affiliates in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the “**Debtors**”), filed (i) the *Third Amended Joint Chapter 11 Plan of CBL & Associates Properties, Inc. and Its Affiliated Debtors (with Technical Modifications)* (Docket No. 1369) (as may be amended, modified, or supplemented in accordance with the terms thereof, the “**Plan**”),² and (ii) a changed-pages-only redline reflecting incremental changes made to the Plan since its previous filing (Docket No. 1370).

PLEASE TAKE FURTHER NOTICE THAT the Court has scheduled a hearing (the “**Confirmation Hearing**”) on **August 11, 2021 at 9 a.m. (Prevailing Central Time)** to consider confirmation of the Plan.

PLEASE TAKE FURTHER NOTICE THAT the Debtors hereby file the Confirmation Hearing Demonstrative, annexed hereto as **Exhibit A**.

¹ A complete list of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ claims and noticing agent at <https://dm.epiq11.com/CBLProperties>. The Debtors’ service address for the purposes of these chapter 11 cases is 2030 Hamilton Place Blvd., Suite 500, Chattanooga, Tennessee 37421.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

Dated: August 11, 2021
Houston, Texas

Respectfully submitted,

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*Attorneys for Debtors and
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Certificate of Service

I hereby certify that on August 11, 2021, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Alfredo R. Pérez

Alfredo R. Pérez

Exhibit A

Confirmation Hearing Demonstrative



CBL[®]

Confirmation Hearing Demonstrative

August 11, 2021



Roadmap

1. Where the Debtors Began These Chapter 11 Cases
2. Where The Debtors Are Now
3. Plan Overview
4. Plan Confirmation Hearing: Overview and Evidence
5. The Court Should Overrule The Preferred Shareholders' Objections
6. Wrap Up



Where The Debtors Began These Chapter 11 Cases

- The circumstances surrounding CBL & Associates Properties, Inc.'s (the "Company" or the "Debtors") entry into these chapter 11 cases were challenging:
 - Middle of global pandemic and struggling retail market
 - Rushed and reactive chapter 11 filing in response to prepetition actions taken by the Debtors' bank lenders
 - Commencement of adversary proceeding by the Debtors against Wells Fargo on first day of chapter 11 cases and commencement of adversary trial in February 2021
 - "Cram-up" RSA with the ad hoc group of noteholders (the "Ad Hoc Group") – but not the bank lenders – that would have undoubtedly resulted in a heavily contested confirmation process
 - Contested cash collateral hearing early in these chapter 11 cases



Where The Debtors Are Now

- The Debtors' accomplishments – and the consensus achieved – in these chapter 11 cases demonstrate the Debtors' exemplary stewardship and results in these cases:
 - ✓ Achievement of fully consensual, comprehensive restructuring transaction for the Debtors' secured and unsecured creditors – negotiated through Court-sanctioned mediation – that is supported by the Debtors' bondholders, bank lenders, unsecured creditors and Creditors' Committee
 - ✓ Plan overwhelmingly accepted by all Voting Classes, including Existing REIT Preferred Stock (over 95% acceptance)
 - ✓ Plan provides significant recovery to unsecured creditors and meaningful distribution to junior stakeholders, to which they would not otherwise be entitled
 - ✓ Resolution of virtually all confirmation objections – including with the Securities Plaintiffs – with the exception of eight preferred shareholders (the "Objecting Preferred Shareholders")
 - ✓ Successful (but still ongoing) settlement process with property-level lenders
 - ✓ Any property-level lender issues are not confirmation issues, but instead, will be resolved through the claims administration process with regard to any unsecured parent guaranties and any subsequent chapter 11 filings for those entities, if necessary



Plan Overview

- Subject to the Court's approval, the Plan provides for, among other things, the following treatment of claims: ¹

Claim	Treatment
Admin Expense Claims, Priority Tax Claims, Fee Claims, Other Priority Claims, & Other Secured Claims (Classes 1 and 2)	Paid in full
First Lien Credit Facility Claims (Class 3)	Pro Rata share of: <ul style="list-style-type: none"> (i) loans under the Exit Credit Facility in an aggregate amount equal to \$883,700,000, and (ii) \$100,000,000 in Cash
Consenting Crossholder Claims (Class 4)	Pro Rata share of: <ul style="list-style-type: none"> (i) 10.57143% of the New Common Stock issued (subject to dilution as per the Plan), (ii) \$15,000,000 in Cash, and (iii) New Senior Secured Notes in the amount of \$81,000,000; provided that each Consenting Crossholder is entitled to make the Convertible Notes Election
Ongoing Trade Claims (Class 5)	If a holder of an Ongoing Trade Claim executes a Trade Agreement with the Debtors, four (4) equal cash installments, payable on a quarterly basis, which payments shall result in full payment in the Allowed amount of such Ongoing Trade Claim If a holder of an Ongoing Trade Claim does not execute a Trade Agreement with the Debtors, same treatment as other unsecured creditors
Property-Level Guarantee Settlement Claims (Class 6)	Claim will either: <ul style="list-style-type: none"> (i) be Reinstated; (ii) remain Unimpaired; or (iii) receive such treatment as agreed upon between the Debtors and the holder of such Property-Level Guarantee Claim

¹ This chart is included for illustrative purposes only. The treatment of all Claims remains as set forth in the Plan.



Plan Overview

Claim	Treatment
Unsecured Claims (Class 7)	Pro Rata share of: <ul style="list-style-type: none"> • (i) 78.42857% of the New Common Stock issued (subject to dilution as per the Plan), • (ii) \$80,000,000 in Cash, and • (iii) New Senior Secured Notes in the amount of \$474,000,000; provided that each Consenting Noteholder is entitled to make the Convertible Notes Election
Intercompany Claims (Class 8)	Paid, adjusted, continued, settled, reinstated, discharged, or eliminated
Existing LP Preferred Units (Class 9)	Cancelled (or otherwise eliminated) and shall receive no distribution under the Plan
Existing LP Common Units (Class 10)	Pro Rata share of 5.5% of the New Common Stock issued, shared with holders of Existing REIT Common Stock (but may elect to receive New LP Units)
Existing REIT Preferred Stock (Class 11)	Pro Rata share of 5.5% of the New Common Stock issued (subject to dilution as per the Plan)
Existing REIT Common Stock (Class 12)	Pro Rata share of 5.5% of the New Common Stock issued (subject to dilution as per the Plan)
Intercompany Interests (Class 13)	All Intercompany Interests shall be treated as set forth in section 5.12 of the Plan
Section 510(b) Claims (Class 14)	New Common Stock issued in an amount sufficient to provide such holder a percentage recovery equal to the percentage recovery provided to holders of Existing REIT Common Stock pursuant to the Plan, if any
New Money Convertible Notes	In addition to the foregoing, certain Consenting Creditors have agreed to purchase \$50 million of New Convertible Notes pursuant to Commitment Letters



Plan Confirmation – Overview

- Confirmation Requirements: As discussed in the Confirmation Brief and accompanying declarations, the Debtors submit that the Plan satisfies the Bankruptcy Code's confirmation requirements
- Voting Results: The Plan is overwhelmingly supported by the Voting Classes, which have all voted to accept the Plan
- Confirmation Objections: The Debtors have resolved nearly all confirmation objections through, among other things, additional language in the Proposed Confirmation Order
 - In connection with the Disclosure Statement Hearing, the Debtors resolved objections from the Securities Plaintiffs with respect to the Plan releases
 - The only remaining objectors to Plan confirmation are eight preferred shareholders who – unlike the overwhelming majority of their class – are dissatisfied with the treatment of the Existing REIT Preferred Stock
 - Various cure objections remain outstanding, which the Debtors will defer until after confirmation



Plan Confirmation – Evidence

- The following witnesses have provided declarations with respect to confirmation and are available to testify on behalf of the Debtors:
 - Farzana Khaleel – Executive Vice President–Chief Financial Officer and Treasurer of CBL & Associates Properties, Inc. is available to testify as to the facts giving rise to the Debtors’ satisfaction of the section 1129 requirements for confirmation and negotiations and developments leading up to the RSA and Plan
 - Barak Klein – Managing Director in the Recapitalization and Restructuring Group at Moelis & Company LLC, the Debtors’ retained investment banker and financial advisor, is available to testify to the Valuation Analysis
 - Mark A. Renzi – Managing Director in the Corporate Finance segment of Berkeley Research Group, LLC, the Debtors’ retained financial advisor, is available to testify to the Liquidation Analysis
 - Jane Sullivan – Executive Vice President of Epiq Corporate Restructuring, LLC, the Debtors’ retained claims and noticing agent and solicitation agent, is available to testify to the Voting and Solicitation Results and Procedures
- The Debtors' evidence will remain uncontroverted in support of Plan confirmation

The Court Should Overrule the Preferred Shareholders' Objections



- The Objecting Preferred Shareholders objected to the Plan's treatment of the Existing REIT Preferred Stock on the grounds that it violates the absolutely priority rule
- As discussed in the Confirmation Brief, the objection should be overruled because:
 1. the Debtors are honoring the preferred shareholder terms on which the Objecting Preferred Shareholders are relying – the Preferred Shareholders are getting the entirety of the benefit of their bargain, despite protests to the contrary – thus, the Debtors are honoring the absolute priority rule and complying with 11 U.S.C. § 1129(b)(2)(C)(ii), and
 2. the Debtors are honoring the liquidation preference as required under 11 U.S.C. § 1129(b)(2)(C)(i) because the Objecting Preferred Shareholders are not entitled to receive any recovery based on the uncontroverted evidence submitted by the Debtors in support of confirmation

The Court Should Overrule the Preferred Shareholders' Objections

- Ranking: Pursuant to the preferred stock certificate, the preferred stock only ranks senior to the common stock upon liquidation, dissolution or winding-up, not in the context of a going concern reorganization:

The Series D Preferred Stock shall, *with respect to dividend rights and rights upon liquidation, dissolution or winding-up of the Corporation*, rank (a) senior to the Common Stock and to all equity securities ranking junior to such Series D Preferred Stock”

- Liquidation Preference: Similarly, pursuant to the preferred stock certificate, the preferred stock’s liquidation preference only applies in the context of a liquidation, dissolution or winding-up:

“Upon any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of the Corporation, the holders of shares of Series D Preferred Stock shall be entitled to be paid out of the assets of the Corporation legally available for distribution to its stockholders a liquidation preference of \$250.00 per share, plus an amount equal to any accrued and unpaid dividends to the date of payment (whether or not declared), before any distribution or payment shall be made to holders of shares of Common Stock. . . .

The Court Should Overrule the Preferred Shareholders' Objections



- Thus, the Debtors are complying with 11 U.S.C. § 1129(b)(2)(C)(ii), which provides that a plan may be confirmed with respect to a rejecting class if “the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property”
- Further, the Debtors are complying with 11 U.S.C. § 1129(b)(2)(C)(i) because there is no distributable value available for interest holders in these cases pursuant to the uncontroverted evidence in support of confirmation
 - 11 U.S.C. § 1129(b)(2)(C)(i) only requires that an interest holder receive a liquidation preference **“to which such holder is entitled”**
 - Moelis’s valuation – which is uncontroverted – demonstrates that there is no distributable value available for junior stakeholders and the preferred shareholders are not “entitled” to anything in the context of a reorganization
 - The liquidation analysis submitted by BRG similarly demonstrates that junior stakeholders would not be entitled to any recovery in a liquidation

The Court Should Overrule the Preferred Shareholders' Objections

- However, instead of leaving junior stakeholders with nothing, the Debtors and their advisors, with the full support of the Debtors' board of directors, fought very hard for months, and negotiated a meaningful recovery to junior stakeholders and split the recovery between the preferred and common shareholders
 - As the evidence will show, contrary to allegations made by the Objecting Preferred Shareholders, the RSA was approved by the full board of directors, not the "Special Committee" (whose role was more limited)
- In the context of all of these arguments, it bears emphasis that over 95% of the preferred shareholders have voted to accept the Plan (even after the elimination of the "death trap" as required by the Court) and their recovery should not be jeopardized by a small minority of dissatisfied shareholders

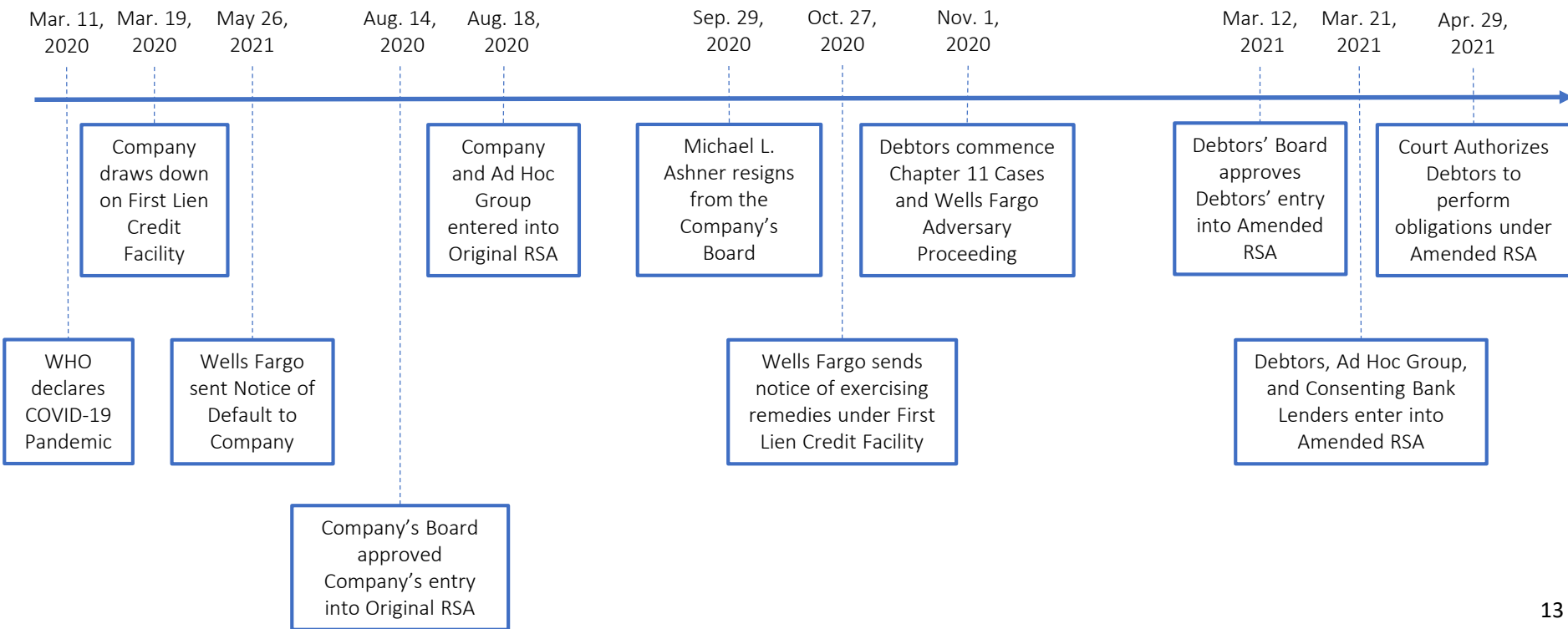
The Court Should Overrule the Preferred Shareholders' Objections



- The Objecting Preferred Shareholders also attempt to discredit the Debtors' corporate governance in connection with the approval of the RSA, alleging various conflicts of interest
 - The Objecting Preferred Shareholders' allegation that the RSA was negotiated by the Special Committee is unfounded
 - The Special Committee served a more limited role including, among other things, conducting an investigation in connection with the Plan releases
 - Contrary to the Objecting Preferred Shareholders' allegations, both the prepetition RSA and postpetition amended RSA were negotiated by management and approved by the full board of directors, including the independent directors
 - Only one director, Michael Ashner, voted against approval of the prepetition RSA



Case Timeline





Wrap Up

- The Plan is supported by all voting classes and every major constituency
- The Debtors have painstakingly negotiated a meaningful recovery for Interest Holders that complies with the relevant contractual terms and applicable law
- This hearing is the culmination of over 16 months of work that will reorganize the Company, save thousands of jobs, and position the Company for the future
- The Debtors respectfully request that the Court confirm the Plan and overrule any objections