

WEINGARTEN REALTY INVESTORS /TX/
Form 10-Q
May 07, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarter ended March 31, 2010

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 number 1-9876

Weingarten Realty Investors
(Exact name of registrant as specified in its charter)

TEXAS
(State or other jurisdiction of incorporation or
organization)

74-1464203
(IRS Employer Identification No.)

2600 Citadel Plaza Drive
P.O. Box 924133
Houston, Texas
(Address of principal executive offices)

77292-4133
(Zip Code)

(713) 866-6000
(Registrant's telephone number)

(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. YES x NO "

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES " NO "

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

Large accelerated filer x

Accelerated filer "

Non-accelerated filer "

Smaller reporting company "

(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES " NO x

As of April 30, 2010, there were 120,202,047 common shares of beneficial interest of Weingarten Realty Investors, \$.03 par value, outstanding.

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PART I-FINANCIAL INFORMATION

ITEM 1. Financial Statements

WEINGARTEN REALTY INVESTORS
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2010	2009
Revenues:		
Rentals, net	\$134,142	\$140,340
Other	3,017	4,042
Total	137,159	144,382
Expenses:		
Depreciation and amortization	36,153	37,545
Operating	25,986	23,048
Ad valorem taxes, net	16,925	17,966
Impairment loss	236	
General and administrative	6,591	6,000
Total	85,891	84,559
Operating Income	51,268	59,823
Interest Expense, net	(37,617)	(39,439)
Interest and Other Income, net	2,863	1,263
Equity in Earnings of Real Estate Joint Ventures and Partnerships, net	3,236	3,662
Gain on Land and Merchant Development Sales		14,122
Provision for Income Taxes	(476)	(4,964)
Income from Continuing Operations	19,274	34,467
Operating Income from Discontinued Operations		2,110
Gain on Sale of Property from Discontinued Operations		739
Income from Discontinued Operations		2,849
Gain on Sale of Property	848	6,494
Net Income	20,122	43,810
Less: Net Income Attributable to Noncontrolling Interests	(1,014)	(1,795)
Net Income Adjusted for Noncontrolling Interests	19,108	42,015
Dividends on Preferred Shares	(8,869)	(8,869)
Net Income Attributable to Common Shareholders	\$10,239	\$33,146
Earnings Per Common Share - Basic:		
Income from continuing operations attributable to common shareholders	\$0.09	\$0.35
Income from discontinued operations		0.03
Net income attributable to common shareholders	\$0.09	\$0.38

Earnings Per Common Share - Diluted:

Income from continuing operations attributable to common shareholders	\$0.08	\$0.35
Income from discontinued operations		0.03
Net income attributable to common shareholders	\$0.08	\$0.38

Comprehensive Income:

Net Income	\$20,122	\$43,810
Amortization of loss on derivatives	709	619
Comprehensive Income	20,831	44,429
Comprehensive Income Attributable to Noncontrolling Interests	(1,014)	(1,795)
Comprehensive Income Adjusted for Noncontrolling Interests	\$19,817	\$42,634

See Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except per share amounts)

	March 31, 2010	December 31, 2009
ASSETS		
Property	\$4,616,465	\$4,658,396
Accumulated Depreciation	(879,302)	(856,281)
Property, net *	3,737,163	3,802,115
Investment in Real Estate Joint Ventures and Partnerships, net	316,411	315,248
Total	4,053,574	4,117,363
Notes Receivable from Real Estate Joint Ventures and Partnerships	313,438	317,838
Unamortized Debt and Lease Costs, net	106,525	103,396
Accrued Rent and Accounts Receivable (net of allowance for doubtful accounts of \$10,804 in 2010 and \$10,380 in 2009) *	72,329	96,372
Cash and Cash Equivalents *	122,915	153,584
Restricted Deposits and Mortgage Escrows	9,621	12,778
Other, net	85,359	89,054
Total	\$4,763,761	\$4,890,385
LIABILITIES AND EQUITY		
Debt, net *	\$2,480,616	\$2,531,847
Accounts Payable and Accrued Expenses	91,331	137,727
Other, net	106,901	114,155
Total	2,678,848	2,783,729
Commitments and Contingencies		
Equity:		
Shareholders' Equity:		
Preferred Shares of Beneficial Interest - par value, \$.03 per share; shares authorized: 10,000		
6.75% Series D cumulative redeemable preferred shares of beneficial interest; 100 shares issued and outstanding in 2010 and 2009; liquidation preference \$75,000	3	3
6.95% Series E cumulative redeemable preferred shares of beneficial interest; 29 shares issued and outstanding in 2010 and 2009; liquidation preference \$72,500	1	1
6.5% Series F cumulative redeemable preferred shares of beneficial interest; 140 shares issued and outstanding in 2010 and 2009; liquidation preference \$350,000	4	4
Common Shares of Beneficial Interest - par value, \$.03 per share; shares authorized: 150,000; shares issued and outstanding: 120,172 in 2010 and 120,098 in 2009		
Accumulated Additional Paid-In Capital	1,961,459	1,958,975
Net Income Less Than Accumulated Dividends	(58,341)	(37,350)
Accumulated Other Comprehensive Loss	(23,249)	(23,958)
Shareholders' Equity	1,883,494	1,901,290

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Noncontrolling Interests	201,419	205,366
Total Equity	2,084,913	2,106,656
Total	\$4,763,761	\$4,890,385

* Consolidated Variable Interest Entities' Assets and Liabilities included in the above balances (See Notes 2 and 3):

Property, net	\$236,054	\$237,710
Accrued Rent and Accounts Receivable, net	5,252	9,515
Cash and Cash Equivalents	13,759	13,085
Debt, net	281,971	282,096

See Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

	Three Months Ended March 31,	
	2010	2009
Cash Flows from Operating Activities:		
Net Income	\$20,122	\$43,810
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	36,153	38,912
Amortization of deferred financing costs and debt discount	992	3,687
Impairment loss	236	
Equity in earnings of real estate joint ventures and partnerships, net	(3,236)	(3,662)
Gain on land and merchant development sales		(14,122)
Gain on sale of property	(848)	(7,233)
Distributions of income from unconsolidated real estate joint ventures and partnerships	564	1,245
Changes in accrued rent and accounts receivable, net	21,233	21,843
Changes in other assets, net	(1,317)	11,452
Changes in accounts payable and accrued expenses	(41,564)	(38,077)
Other, net	3,650	2,494
Net cash provided by operating activities	35,985	60,349
Cash Flows from Investing Activities:		
Investment in property	(21,542)	(38,949)
Proceeds from sale and disposition of property, net	16,086	67,296
Change in restricted deposits and mortgage escrows	2,264	19,906
Notes receivable from real estate joint ventures and partnerships and other receivables:		
Advances	(1,728)	(19,808)
Collections	8,218	4,103
Real estate joint ventures and partnerships:		
Investments	(143)	(151)
Distributions of capital	4,433	3,056
Net cash provided by investing activities	7,588	35,453
Cash Flows from Financing Activities:		
Proceeds from issuance of common shares of beneficial interest, net	1,061	
Principal payments of debt	(25,958)	(4,653)
Changes in unsecured revolving credit facility		25,000
Common and preferred dividends paid	(39,443)	(54,101)
Debt issuance costs paid	(6,071)	(2,760)
Other, net	(3,831)	26
Net cash used in financing activities	(74,242)	(36,488)
Net (decrease) increase in cash and cash equivalents	(30,669)	59,314
Cash and cash equivalents at January 1	153,584	58,946

Cash and cash equivalents at March 31	\$122,915	\$118,260
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See Notes to Condensed Consolidated Financial Statements.

WEINGARTEN REALTY INVESTORS
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)

(In thousands, except per share amounts)

	Preferred Shares of Beneficial Interest	Common Shares of Beneficial Interest	Accumulated Additional Paid-In Capital	Net Income Less Than Accumulated Dividends	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
Balance, January 1, 2009	\$ 8	\$ 2,625	\$ 1,514,940	\$ (37,245)	\$ (29,676)	\$ 204,031	\$ 1,654,683
Net income				42,015		1,795	43,810
Shares issued in exchange for noncontrolling interests		2	1,618			(1,620)	
Shares issued under benefit plans		7	1,700				1,707
Dividends declared – common shares (1)				(45,888)			(45,888)
Dividends declared – preferred shares (2)				(8,213)			(8,213)
Sale of properties with noncontrolling interests						23,521	23,521
Distributions to noncontrolling interests						(4,525)	(4,525)
Other comprehensive income					619		619
Other, net			652	(656)		11	7
Balance, March 31, 2009	\$ 8	\$ 2,634	\$ 1,518,910	\$ (49,987)	\$ (29,057)	\$ 223,213	\$ 1,665,721

Balance, January 1, 2010	\$ 8	\$ 3,615	\$ 1,958,975	\$ (37,350)	\$ (23,958)	\$ 205,366	\$ 2,106,656
Net income				19,108		1,014	20,122
Shares issued in exchange for noncontrolling interests			116			(116)	
Shares issued under benefit plans		2	1,712				1,714
Dividends declared – common shares (1)				(31,230)			(31,230)

Dividends declared –
preferred shares (2)