

WEINGARTEN REALTY INVESTORS /TX/
Form 10-K
March 01, 2011

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

FORM 10-K

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

(Mark One)

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

For the fiscal year ended December 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

(I.R.S. 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)

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Shares of Beneficial Interest, \$0.03 par value	New York Stock Exchange
Series D Cumulative Redeemable Preferred Shares,	New York Stock Exchange

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\$0.03 par value

Series E Cumulative Redeemable Preferred Shares,

\$0.03 par value

New York Stock Exchange

Series F Cumulative Redeemable Preferred Shares,

\$0.03 par value

New York Stock Exchange

8.1% Notes due 2019

New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

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

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

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

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

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

The aggregate market value of the common shares of beneficial interest held by non-affiliates on June 30, 2010 (based upon the closing sale price on the New York Stock Exchange of \$19.05) was \$2,099,776,382. As of June 30, 2010, there were 120,387,067 common shares of beneficial interest, \$.03 par value, outstanding.

As of January 31, 2011, there were 120,493,126 common shares of beneficial interest outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement relating to its Annual Meeting of Shareholders to be held on May 4, 2011 have been incorporated by reference to Part III of this Form 10-K.

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Forward-Looking Statements

This annual report on Form 10-K, together with other statements and information publicly disseminated by us, contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words “believe,” “expect,” “intend,” “anticipate,” “estimate,” “project,” or similar expressions. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors, which are, in some cases, beyond our control and which could materially affect actual results, performances or achievements. Factors which may cause actual results to differ materially from current expectations include, but are not limited to, (i) disruptions in financial markets, (ii) general economic and local real estate conditions, (iii) the inability of major tenants to continue paying their rent obligations due to bankruptcy, insolvency or general downturn in their business, (iv) financing risks, such as the inability to obtain equity, debt, or other sources of financing on favorable terms, (v) changes in governmental laws and regulations, (vi) the level and volatility of interest rates, (vii) the availability of suitable acquisition opportunities, (viii) changes in expected development activity, (ix) increases in operating costs, (x) tax matters, including failure to qualify as a real estate investment trust, could have adverse consequences and (xi) investments through real estate joint ventures and partnerships involve risks not present in investments in which we are the sole investor. Accordingly, there is no assurance that our expectations will be realized. For further discussion of the factors that could materially affect the outcome of our forward-looking statements and our future results and financial condition, see “Item 1A. Risk Factors.”

For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date of this annual report on Form 10-K or the date of any document incorporated herein by reference. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to our forward-looking statements to reflect events or circumstances after the date of this Form 10-K.

PART I

ITEM 1. Business

General. Weingarten Realty Investors is a real estate investment trust (“REIT”) organized under the Texas Real Estate Investment Trust Act. Effective January 1, 2010, the Texas Real Estate Investment Trust Act was replaced by the Texas Business Organizations Code. We, and our predecessor entity, began the ownership and development of shopping centers and other commercial real estate in 1948. Our primary business is leasing space to tenants in the shopping and industrial centers we own or lease. We also manage centers for joint ventures in which we are partners or for other outside owners for which we charge fees.

At December 31, 2010, we owned or operated under long-term leases, either directly or through our interest in real estate joint ventures or partnerships, a total of 383 developed income-producing properties and nine properties under various stages of construction and development. The total number of properties includes 312 neighborhood and community shopping centers, 77 industrial projects and three other operating properties located in 23 states spanning the country from coast to coast. The portfolio of properties is approximately 71.5 million square feet.

We also owned interests in 42 parcels of land held for development that totaled approximately 33.1 million square feet.

At December 31, 2010, we employed 380 full-time persons and our principal executive offices are located at 2600 Citadel Plaza Drive, Houston, Texas 77008, and our phone number is (713) 866-6000. We also have ten regional offices located in various parts of the United States.

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Investment and Operating Strategy. Our long-term strategy is to focus on increasing funds from operations (“FFO”) and shareholder value. We do this through hands-on leasing, management and selected redevelopment of the existing portfolio of properties, through disciplined growth from selective acquisitions and new developments and through the disposition of assets that no longer meet our ownership criteria. We do this while remaining committed to maintaining a conservatively leveraged balance sheet, a well-staggered debt maturity schedule and strong credit agency ratings.

Currently, we are focusing our efforts on improvements to our operating fundamentals and increasing shareholder value. We have also positioned ourselves to take advantage of growth opportunities as the economy improves. We have implemented a multifaceted approach utilizing associates from our leasing, acquisitions and new development departments to source these opportunities. We are also leveraging their efforts with the relationships we have in the brokerage, banking and institutional arenas. Competition for quality acquisition opportunities remains substantial; nevertheless, we have been successful in indentifying selected properties, which meet our return hurdles, and we will continue to actively evaluate other opportunities as they enter the market.

At December 31, 2010, neighborhood and community shopping centers generated 89.0% of total revenue and industrial properties accounted for 9.4%. We expect to continue to focus the future growth of the portfolio in neighborhood and community centers and bulk industrial properties in markets where we currently operate and may expand to other markets throughout the United States. We do not anticipate significant investment in other classes of real estate such as multi-family or office assets.

We may either purchase or lease income-producing properties in the future, and may also participate with other entities in property ownership through partnerships, joint ventures or similar types of co-ownership. Equity investments may be subject to existing mortgage financing and other indebtedness or such financing may be incurred in connection with acquiring such investments.

We may invest in mortgages; however, we have traditionally invested in first mortgages to real estate joint ventures or partnerships in which we own an equity interest. We may also invest in securities of other issuers for the purpose, among others, of exercising control over such entities, subject to the gross income and asset tests necessary for REIT qualification.

Our operating strategy consists of intensive hands-on management and leasing of our properties. In acquiring and developing properties, we attempt to accumulate enough properties in a geographic area to allow for the establishment of a regional office, which enables us to obtain in-depth knowledge of the market from a leasing perspective and to have easy access to the property and our tenants from a management viewpoint.

Diversification from both a geographic and tenancy perspective is a critical component of our operating strategy. While approximately 34.4% of the building square footage of our properties is located in the State of Texas, we continue to expand our holdings outside the state. With respect to tenant diversification, our two largest tenants accounted for 3.0% and 1.8%, respectively, of our total rental revenues for the year ended December 31, 2010. No other tenant accounted for more than 1.6% of our total rental revenues.

We finance our growth and working capital needs in a conservative manner. Our credit ratings were BBB from Standard & Poors and Baa2 from Moody's Investor Services as of December 31, 2010 and 2009. We intend to maintain a conservative approach to managing our balance sheet, which, in turn, gives us many options of raising debt or equity capital when needed. At December 31, 2010, our ratio of earnings to combined fixed charges and preferred dividends as defined by the Securities and Exchange Commission (“SEC”), not based on FFO, was 1.0 to 1 and our debt to total assets before depreciation was 44.8%.

Our policies with respect to the investment and operating strategies discussed above are reviewed by our Board of Trust Managers periodically and may be modified without a vote of our shareholders.

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Location of Properties. Our properties are located in 23 states, primarily throughout the southern half of the country. As of December 31, 2010, we have 392 properties which were owned or operated under long-term leases either directly or through our interest in real estate joint ventures or partnerships. Net operating income generated by our properties located in Houston and its surrounding areas was 21.6%, and an additional 11.8% of net operating income is generated from properties that are located in other parts of Texas. We also have 42 parcels of land held for development, 11 of which are located in Houston and its surrounding areas and 10 of which are located in other parts of Texas. Because of our investments in Houston and its surrounding areas, as well as in other parts of Texas, the Houston and Texas economies affect, to a large degree, our business and operations.

Economic Factors. While downside risks still exist, most economic indicators suggest that the economy is in a recovery phase. Consumer confidence has begun to rebound from historical low levels, credit availability is improving, and retail sales showed modest growth through 2010. Sales will likely continue to trend upward, though at a decreased rate as year over year comparisons become more difficult. Various factors have aligned to cause increases in commodity prices, in turn leading to higher food and fuel costs. While top line inflation is reported to remain low in the short term, we are seeing significant increases in these sectors which are likely to generate higher year over year sales at supermarkets. With consumers remaining value oriented, “sticky” prices are likely to limit these supermarkets’ margins. Overall, we expect the improved gross sales to translate into a stronger demand for retail space which should lead to lower vacancy rates and more stable rents beyond 2011. With the majority of our shopping centers being supermarket-anchored and located in densely populated, major metropolitan areas, our portfolio came through the recession stronger than centers anchored by tenants with more discretionary product lines. Our analysis has identified stronger interest for top tier shopping centers with easier availability for credit resulting in higher prices, while second and third tier properties have seen consistent pricing. In light of these trends, we have expanded the internal resources dedicated to examining available assets in our key markets, to identify and purchase the best assets and properties with the strongest upside potential.

Competition. We compete with numerous other developers and real estate companies (both public and private), financial institutions and other investors engaged in the development, acquisition and operation of shopping centers and commercial property in our trade areas. This results in competition for the acquisition of both existing income-producing properties and prime development sites. Competition for these acquisitions may also increase as credit availability improves resulting in additional pricing pressure. There is also competition for tenants to occupy the space that is developed, acquired and managed by our competitors or us.

We believe that the principal competitive factors in attracting tenants in our market areas are location, price, anchor tenants and maintenance of properties. We also believe that our competitive advantages include the favorable locations of our properties, knowledge of markets and customer bases, our ability to provide a retailer with multiple locations with anchor tenants and the practice of continuous maintenance and renovation of our properties.

Materials Available on Our Website. Copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports, as well as Reports on Forms 3, 4, 5 and SC 13G regarding our officers, trust managers or 10% beneficial owners, filed or furnished pursuant to Section 13(a), 15(d) or 16(a) of the Securities Exchange Act of 1934 are available free of charge through our website (www.weingarten.com) as soon as reasonably practicable after we electronically file the material with, or furnish it to, the SEC. We have also made available on our website copies of our Audit Committee Charter, Management Development and Executive Compensation Committee Charter, Governance and Nominating Committee Charter, Code of Conduct and Ethics and Governance Guidelines. In the event of any changes to these charters or the code or guidelines, changed copies will also be made available on our website. You may also read and copy any materials we file with the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549 or the SEC’s Internet site at www.sec.gov. Materials on our website are not part of our Annual Report on Form 10-K.

Financial Information. Additional financial information concerning us is included in the Consolidated Financial Statements located on pages 51 through 91 herein.

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ITEM 1A. Risk Factors

Disruptions in the financial markets could affect our liquidity and have other adverse effects on us and the market price of our common shares of beneficial interest.

The United States (“U.S.”) and global equity and credit markets can experience significant price volatility, dislocations and liquidity disruptions, which could cause market prices of many stocks to fluctuate substantially and the spreads on prospective debt financings to widen considerably. These circumstances could materially impact liquidity in the financial markets, making terms for certain financings less attractive, and in certain cases result in the unavailability of certain types of financing. Uncertainties in the equity and credit markets may negatively impact our ability to access additional financing at reasonable terms or at all, which may negatively affect our ability to complete dispositions, form joint ventures or refinance our debt. A prolonged downturn in the equity or credit markets could cause us to seek alternative sources of potentially less attractive financing, and require us to adjust our business plan accordingly. In addition, these factors may make it more difficult for us to sell properties or adversely affect the price we receive for properties that we do sell, as prospective buyers may experience increased costs of financing or difficulties in obtaining financing. These events in the equity and credit markets may make it more difficult or costly for us to raise capital through the issuance of our common shares of beneficial interest (“common shares”) or preferred shares. These disruptions in the financial markets also may have a material adverse effect on the market value of our common shares and preferred shares and other adverse effects on us or the economy generally. There can be no assurances that government responses to the disruptions in the financial markets will restore consumer confidence, stabilize the markets or increase liquidity and the availability of equity or credit financing.

Among the market conditions that may affect the value of our common shares and preferred shares are the following:

- § The attractiveness of real estate investment trust (“REIT”) securities as compared to other securities, including securities issued by other real estate companies, fixed income equity securities and debt securities;
- § Changes in revenues or earnings estimates or publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to our securities or those of other REITs;
 - § The degree of interest held by institutional investors;
 - § Speculation in the press or investment community;
- § The ability of our tenants to pay rent to us and meet their other obligations to us under current lease terms;
 - § Our ability to re-lease space as leases expire;
 - § Our ability to refinance our indebtedness as it matures;
- § Actual or anticipated quarterly fluctuations in our operating results and financial condition;
 - § Any changes in our distribution policy;
 - § Any future issuances of equity securities;
- § Strategic actions by us or our competitors, such as acquisitions or restructurings;
- § General market conditions and, in particular, developments related to market conditions for the real estate industry; and
 - § Domestic and international economic factors unrelated to our performance.

The volatility in the stock market can create price and volume fluctuations that may not necessarily be comparable to operating performance.

The economic performance and value of our shopping centers depend on many factors, each of which could have an adverse impact on our cash flows and operating results.

The economic performance and value of our properties can be affected by many factors, including the following:

- § Changes in the national, regional and local economic climate;
- § Changes in environmental regulatory requirements, including but not limited to legislation on global warming;
- § Local conditions such as an oversupply of space or a reduction in demand for real estate in the area;
- § The attractiveness of the properties to tenants;
- § Competition from other available space;

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§	Our ability to provide adequate management services and to maintain our properties;
§	Increased operating costs, if these costs cannot be passed through to tenants;
§	The expense of periodically renovating, repairing and releasing spaces;
§	Consequence of any armed conflict involving, or terrorist attack against, the U.S.;
§	Our ability to secure adequate insurance;
§	Fluctuations in interest rates;
§	Changes in real estate taxes and other expenses; and
§	Availability of financing on acceptable terms or at all.

Our properties consist primarily of neighborhood and community shopping centers and, therefore, our performance is linked to general economic conditions in the market for retail space. The market for retail space has been and may continue to be adversely affected by weakness in the national, regional and local economies where our properties are located, the adverse financial condition of some large retail companies, the ongoing consolidation in the retail sector, the excess amount of retail space in a number of markets and increasing consumer purchases through catalogues and the Internet. To the extent that any of these conditions occur, they are likely to affect market rents for retail space. In addition, we may face challenges in the management and maintenance of the properties or encounter increased operating costs, such as real estate taxes, insurance and utilities, which may make our properties unattractive to tenants.

Our acquisition activities may not produce the cash flows that we expect and may be limited by competitive pressures or other factors.

We intend to acquire existing commercial properties to the extent that suitable acquisitions can be made on advantageous terms. Acquisitions of commercial properties involve risks such as:

- § Our estimates on expected occupancy and rental rates may differ from actual conditions;
- § Our estimates of the costs of any redevelopment or repositioning of acquired properties may prove to be inaccurate;
- § We may be unable to operate successfully in new markets where acquired properties are located, due to a lack of market knowledge or understanding of local economies;
- § We may be unable to successfully integrate new properties into our existing operations; or
- § We may have difficulty obtaining financing on acceptable terms or paying the operating expenses and debt service associated with acquired properties prior to sufficient occupancy.

In addition, we may not be in a position or have the opportunity in the future to make suitable property acquisitions on advantageous terms due to competition for such properties with others engaged in real estate investment. Our inability to successfully acquire new properties may have an adverse effect on our results of operations.

Turmoil in capital markets could adversely impact acquisition activities and pricing of real estate assets.

Volatility in capital markets could adversely affect acquisition activities by impacting certain factors including the tightening of underwriting standards by lenders and credit rating agencies and the significant inventory of unsold Collateralized Mortgage Backed Securities in the market. These factors directly affect a lender's ability to provide debt financing as well as increase the cost of available debt financing. As a result, we may not be able to obtain favorable debt financing in the future or at all. This may result in future acquisitions generating lower overall economic returns, which may adversely affect our results of operations and distributions to shareholders. Furthermore, any turmoil in the capital markets could adversely impact the overall amount of capital available to invest in real estate, which may result in price or value decreases of real estate assets.

Reduction of rental income would adversely affect our profitability, our ability to meet our debt obligations and our ability to make distributions to our shareholders.

The substantial majority of our income is derived from rental income from real property. As a result, our performance depends on our ability to collect rent from tenants. Our income and funds for distribution would be negatively affected if a significant number of our tenants, or any of our major tenants (as discussed in more detail below):

§	§	Delay lease commencements;
§		Decline to extend or renew leases upon expiration;

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§	Fail to make rental payments when due; or
§	Close stores or declare bankruptcy.

Any of these actions could result in the termination of the tenants' lease and the loss of rental income attributable to the terminated leases. In addition, lease terminations by an anchor tenant or a failure by that anchor tenant to occupy the premises could also result in lease terminations or reductions in rent by other tenants in the same shopping centers under the terms of some leases. In these events, we cannot be sure that any tenant whose lease expires will renew that lease or that we will be able to re-lease space on economically advantageous terms. The loss of rental revenues from a number of our tenants and our inability to replace such tenants, particularly in the case of a substantial tenant with leases in multiple locations, may adversely affect our profitability, our ability to meet debt and other financial obligations and our ability to make distributions to the shareholders. For the year ended December 31, 2010, 78 of our tenants either closed stores due to bankruptcy or declared bankruptcy. Such closings and bankruptcies represent 1.0% of leasable space in our portfolio.

We may be unable to collect balances due from tenants in bankruptcy.

A tenant that files for bankruptcy protection may not continue to pay us rent. A bankruptcy filing by or relating to one of our tenants or a lease guarantor would bar all efforts by us to collect pre-bankruptcy debts from the tenant or the lease guarantor, or their property, unless the bankruptcy court permits us to do so. A tenant or lease guarantor bankruptcy could delay our efforts to collect past due balances under the relevant leases and could ultimately preclude collection of these sums. If a lease is rejected by a tenant in bankruptcy, we would have only a general unsecured claim for damages. As a result, it is likely that we would recover substantially less than the full value of any unsecured claims it holds, if at all.

Our development and construction activities could adversely affect our operating results.

We intend to continue the selective development and construction of retail properties in accordance with our development and underwriting policies as opportunities arise. Our development and construction activities include risks that:

- § We may abandon development opportunities after expending resources to determine feasibility;
- § Construction costs of a project may exceed our original estimates;
- § Occupancy rates and rents at a newly completed property may not be sufficient to make the property profitable;
- § Rental rates could be less than projected;
- § Project completion may be delayed because of a number of factors, including weather, labor disruptions, construction delays or delays in receipt of zoning or other regulatory approvals, adverse economic conditions, acts of terror or other acts of violence, or acts of God (such as fires, earthquakes or floods);
- § Financing may not be available to us on favorable terms for development of a property;
- § We may not complete construction and lease-up on schedule, resulting in increased debt service expense and construction costs; and
- § We may not be able to obtain, or may experience delays in obtaining necessary zoning, land use, building, occupancy and other required governmental permits and authorizations.

Additionally, the time frame required for development, construction and lease-up of these properties means that we may have to wait years for a significant cash return. If any of the above events occur, the development of properties may hinder our growth and have an adverse effect on our results of operations, including additional impairment charges. In addition, new development activities, regardless of whether or not they are ultimately successful, typically require substantial time and attention from management.

There is a lack of operating history with respect to any recent acquisitions and development of properties, and we may not succeed in the integration or management of additional properties.

These properties may have characteristics or deficiencies currently unknown to us that affect their value or revenue potential. It is also possible that the operating performance of these properties may decline under our management. As we acquire additional properties, we will be subject to risks associated with managing new properties, including lease-up and tenant retention. In addition, our ability to manage our growth effectively will require us to successfully integrate any new acquisitions into our existing management structure. We may not succeed with this integration or effectively manage additional properties. Also, newly acquired properties may not perform as expected.

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The future composition and quarterly cash distribution rate may change.

For each of the four quarters during 2010, we paid a cash distribution at a quarterly rate of \$.26 per common share (\$1.04 per common share for the year ended December 31, 2010). During the first quarter of 2009, we paid a cash distribution at a quarterly rate of \$.525 per common share. Commencing with our second quarter 2009 dividend payout, we paid a cash distribution at a quarterly rate of \$.25 per common share.

While we currently expect to pay future distributions in cash, we may pay up to 90% of our distributions in common shares, as permitted by a recent IRS revenue procedure that allows us to satisfy the REIT income distribution requirement by distributing up to 90% of our distributions in common shares in lieu of paying distributions entirely in cash. In the event that we pay a portion of a distribution in common shares, which we reserve the right to do, recipients would be required to pay tax on the entire amount of the distribution, including the portion paid in common shares, in which case the recipients might have to pay the tax using cash from other sources. Furthermore, with respect to non-U.S. holders, we may be required to withhold U.S. tax with respect to all or a portion of such distribution that is payable in common shares.

The timing, amount and composition of any future distributions to our common shareholders will be at the sole discretion of our Board of Trust Managers and will depend upon a variety of factors as to which no assurance can be given. Our ability to make distributions to our common shareholders depends, in part, upon our operating results, overall financial condition, the performance of our portfolio (including occupancy levels and rental rates), our capital requirements, access to capital, our ability to qualify for taxation as a REIT and general business and market conditions.

Real estate property investments are illiquid, and therefore we may not be able to dispose of properties when appropriate or on favorable terms.

Real estate property investments generally cannot be disposed of quickly. In addition, the federal tax code imposes restrictions on the ability of a REIT to dispose of properties that are not applicable to other types of real estate companies. Therefore, we may not be able to quickly vary our portfolio in response to economic or other conditions promptly or on favorable terms, which could cause us to incur extended losses and reduce our cash flows and adversely affect distributions to shareholders.

Our cash flows and operating results could be adversely affected by required payments of debt or related interest and other risks of our debt financing.

We are generally subject to risks associated with debt financing. These risks include:

- § Our cash flow may not satisfy required payments of principal and interest;
- § We may not be able to refinance existing indebtedness on our properties as necessary or the terms of the refinancing may be less favorable to us than the terms of existing debt;
- § Required debt payments are not reduced if the economic performance of any property declines;
- § Debt service obligations could reduce funds available for distribution to our shareholders and funds available for capital investment;
- § Any default on our indebtedness could result in acceleration of those obligations and possible loss of property to foreclosure; and
- § The risk that necessary capital expenditures for purposes such as re-leasing space cannot be financed on favorable terms.

If a property is mortgaged to secure payment of indebtedness and we cannot make the mortgage payments, we may have to surrender the property to the lender with a consequent loss of any prospective income and equity value from such property. Any of these risks can place strains on our cash flows, reduce our ability to grow and adversely affect our results of operations.

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Property ownership through real estate partnerships and joint ventures could limit our control of those investments and reduce our expected return.

Real estate partnership or joint venture investments may involve risks not otherwise present for investments made solely by us, including the possibility that our partner or co-venturer might become bankrupt, that our partner or co-venturer might at any time have different interests or goals than us, and that our partner or co-venturer may take action contrary to our instructions, requests, policies or objectives. Other risks of joint venture investments could include impasse on decisions, such as a sale, because neither our partner or co-venturer nor we would have full control over the partnership or joint venture. These factors could limit the return that we receive from those investments or cause our cash flows to be lower than our estimates.

Volatility in market and economic conditions may impact our partners' ability to perform in accordance with our real estate joint venture and partnership agreements resulting in a change in control.

Changes in control of our investments could result as reconsiderations events are evaluated, such as amendments to our real estate joint venture and partnership agreements, changes in debt guarantees or changes in ownership due to required capital contributions. Any changes in control will result in the revaluation of our investments to fair value, which could lead to an impairment. We are unable to predict whether, or to what extent, a change in control may result or the impact of adverse market and economic conditions may have to our partners.

As a result of the ongoing market and economic volatility, we recognized a non-cash impairment charge of approximately \$15.8 million for the year ended December 31, 2010 related to the consolidation of two entities previously accounted for under the equity method. A change in entity control occurred through the modification of the joint venture agreements in which we assumed all management, voting and approval rights. No such impairments were recognized in 2009 and 2008.

Our financial condition could be adversely affected by financial covenants.

Our credit facilities and public debt indentures under which our indebtedness is, or may be, issued contain certain financial and operating covenants, including, among other things, certain coverage ratios, as well as limitations on our ability to incur secured and unsecured indebtedness, restrictions on our ability to sell all or substantially all of our assets and engage in mergers and consolidations and certain acquisitions. These covenants could limit our ability to obtain additional funds needed to address cash shortfalls or pursue growth opportunities or transactions that would provide substantial return to our shareholders. In addition, a breach of these covenants could cause a default under or accelerate some or all of our indebtedness, which could have a material adverse effect on our financial condition.

If we fail to qualify as a REIT in any taxable year, we will be subject to U.S. federal income tax as a regular corporation and could have significant tax liability.

We intend to operate in a manner that allows us to qualify as a REIT for U.S. federal income tax purposes. However, REIT qualification requires us to satisfy numerous requirements (some on an annual or quarterly basis) established under highly technical and complex provisions of the Internal Revenue Code, for which there are a limited number of judicial or administrative interpretations. Our status as a REIT requires an analysis of various factual matters and circumstances that are not entirely within our control. Accordingly, it is not certain we will be able to qualify and remain qualified as a REIT for U.S. federal income tax purposes. Even a technical or inadvertent violation of the REIT requirements could jeopardize our REIT qualification. Furthermore, Congress or the Internal Revenue Service ("IRS") might change the tax laws or regulations and the courts might issue new rulings, in each case potentially having retroactive effect that could make it more difficult or impossible for us to qualify as a REIT. If we fail to qualify as a REIT in any tax year, then:

§ We would be taxed as a regular domestic corporation, which, among other things, means that we would be unable to deduct distributions to our shareholders in computing our taxable income and would be subject to U.S. federal income tax on our taxable income at regular corporate rates;

§ Any resulting tax liability could be substantial and would reduce the amount of cash available for distribution to shareholders, and could force us to liquidate assets or take other actions that could have a detrimental effect on our operating results; and

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§ Unless we were entitled to relief under applicable statutory provisions, we would be disqualified from treatment as a REIT for the four taxable years following the year during which we lost our qualification, and our cash available for distribution to our shareholders therefore would be reduced for each of the years in which we do not qualify as a REIT.

Even if we remain qualified as a REIT, we may face other tax liabilities that reduce our cash flow. We may also be subject to certain U.S. federal, state and local taxes on our income and property either directly or at the level of our subsidiaries. Any of these taxes would decrease cash available for distribution to our shareholders.

Compliance with REIT requirements may negatively affect our operating decisions.

To maintain our status as a REIT for U.S. federal income tax purposes, we must meet certain requirements, on an ongoing basis, including requirements regarding our sources of income, the nature and diversification of our assets, the amounts we distribute to our shareholders and the ownership of our common shares. We may also be required to make distributions to our shareholders when we do not have funds readily available for distribution or at times when our funds are otherwise needed to fund capital expenditures.

As a REIT, we must distribute at least 90% of our annual net taxable income (excluding net capital gains) to our shareholders. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our net taxable income, we will be subject to U.S. federal corporate income tax on our undistributed taxable income. From time to time, we may generate taxable income greater than our income for financial reporting purposes, or our net taxable income may be greater than our cash flow available for distribution to our shareholders. If we do not have other funds available in these situations, we could be required to borrow funds, sell a portion of our securities at unfavorable prices or find other sources of funds in order to meet the REIT distribution requirements.

Dividends paid by REITs generally do not qualify for reduced tax rates.

In general, the maximum U.S. federal income tax rate for dividends paid to individual U.S. shareholders is 15% (through 2012). Unlike dividends received from a corporation that is not a REIT, our distributions to individual shareholders generally are not eligible for the reduced rates.

Our real estate investments may contain environmental risks that could adversely affect our operating results.

The acquisition of certain assets may subject us to environmental liabilities. Our operating expenses could be higher than anticipated due to the cost of complying with existing or future environmental laws and regulations. In addition, under various federal, state and local laws, ordinances and regulations, we may be considered an owner or operator of real property or have arranged for the disposal or treatment of hazardous or toxic substances. As a result, we may become liable for the costs of removal or remediation of certain hazardous substances released on or in our property.

We may also be liable for other potential costs that could relate to hazardous or toxic substances (including governmental fines and injuries to persons and property). We may incur such liability whether or not we knew of, or were responsible for, the presence of such hazardous or toxic substances. Any liability could be of substantial magnitude and divert management's attention from other aspects of our business and, as a result, could have a material adverse effect on our operating results and financial condition, as well as our ability to make distributions to the shareholders.

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An uninsured loss or a loss that exceeds the policies on our properties could subject us to lost capital or revenue on those properties.

Under the terms and conditions of the leases currently in force on our properties, tenants generally are required to indemnify and hold us harmless from liabilities resulting from injury to persons, air, water, land or property, on or off the premises, due to activities conducted on the properties, except for claims arising from our negligence or intentional misconduct or that of our agents. Tenants are generally required, at the tenant's expense, to obtain and keep in full force during the term of the lease, liability and property damage insurance policies. We have obtained comprehensive liability, casualty, property, flood and rental loss insurance policies on our properties. All of these policies may involve substantial deductibles and certain exclusions. In addition, we cannot assure the shareholders that the tenants will properly maintain their insurance policies or have the ability to pay the deductibles. Should a loss occur that is uninsured or in an amount exceeding the combined aggregate limits for the policies noted above, or in the event of a loss that is subject to a substantial deductible under an insurance policy, we could lose all or part of our capital invested in, and anticipated revenue from, one or more of the properties, which could have a material adverse effect on our operating results and financial condition, as well as our ability to make distributions to the shareholders.

Loss of our key personnel could adversely affect the value of our common shares and operations.

We are dependent on the efforts of our key executive personnel. Although we believe qualified replacements could be found for these key executives, the loss of their services could adversely affect the value of our common shares and operations.

Compliance with the Americans with Disabilities Act and fire, safety and other regulations may require us to make unintended expenditures that adversely affect our cash flows.

All of our properties are required to comply with the Americans with Disabilities Act ("ADA"). The ADA has separate compliance requirements for "public accommodations" and "commercial facilities," but generally requires that buildings be made accessible to people with disabilities. Compliance with the ADA requirements could require removal of access barriers, and noncompliance could result in imposition of fines by the U.S. government or an award of damages to private litigants, or both. While the tenants to whom we lease properties are obligated by law to comply with the ADA provisions, and typically under tenant leases are obligated to cover costs associated with compliance, if required changes involve greater expenditures than anticipated, or if the changes must be made on a more accelerated basis than anticipated, the ability of these tenants to cover costs could be adversely affected. As a result, we could be required to expend funds to comply with the provisions of the ADA, which could adversely affect the results of operations and financial condition and our ability to make distributions to shareholders. In addition, we are required to operate the properties in compliance with fire and safety regulations, building codes and other land use regulations, as they may be adopted by governmental agencies and bodies and become applicable to the properties. We may be required to make substantial capital expenditures to comply with those requirements, and these expenditures could have a material adverse effect on our ability to meet the financial obligations and make distributions to our shareholders.

There may be future dilution of our common shares.

Our declaration of trust authorizes our Board of Trust Managers to, among other things, issue additional common or preferred shares or securities convertible or exchangeable into equity securities, without shareholder approval. We may issue such additional equity or convertible securities to raise additional capital. The issuance of any additional common or preferred shares or convertible securities could be substantially dilutive to holders of our common shares. Moreover, to the extent that we issue restricted shares, options, or warrants to purchase our common shares in the future and those options or warrants are exercised or the restricted shares vest, our shareholders may experience

further dilution. Holders of our common shares have no preemptive rights that entitle them to purchase a pro rata share of any offering of shares of any class or series and, therefore, such sales or offerings could result in increased dilution to our shareholders.

We may issue debt and equity securities or securities convertible into equity securities, any of which may be senior to our common shares as to distributions and in liquidation, which could negatively affect the value of our common shares.

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In the future, we may attempt to increase our capital resources by entering into unsecured or secured debt or debt-like financings, or by issuing additional debt or equity securities, which could include issuances of medium-term notes, senior notes, subordinated notes, secured debt, guarantees, preferred shares, hybrid securities, or securities convertible into or exchangeable for equity securities. In the event of our liquidation, our lenders and holders of our debt and preferred securities would receive distributions of our available assets before distributions to the holders of our common shares. Because any decision to incur debt and issue securities in future offerings may be influenced by market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of our future financings. Further, market conditions could require us to accept less favorable terms for the issuance of our securities in the future.

Adverse global market and economic conditions may continue to adversely affect us and could cause us to recognize additional impairment charges or otherwise harm our performance.

Market and economic conditions have been unprecedented and challenging with tighter credit conditions. Continued concerns about the systemic impact of the availability and cost of credit, the U.S. mortgage market, inflation, energy costs, geopolitical issues and declining equity and real estate markets have contributed to increased market volatility and diminished expectations for the U.S. economy. The retail shopping sector has been negatively affected by these market and economic conditions. These conditions may result in our tenants delaying lease commencements, declining to extend or renew leases upon expiration and/or renewing at lower rates. These conditions also have forced some weaker retailers, in some cases, to declare bankruptcy and/or close stores. Certain retailers have announced store closings even though they have not filed for bankruptcy protection. Lease terminations by certain tenants or a failure by certain tenants to occupy their premises in a shopping center could result in lease terminations or significant reductions in rent by other tenants in the same shopping center under the terms of some leases, in which case we may be unable to re-lease the vacated space at attractive rents or at all, and our rental payments from our continuing tenants could significantly decrease. Additionally, adverse conditions could also result in the revaluation of our investments in real estate joint ventures and partnerships, notes receivable from our real estate joint ventures and partnerships and other property related investments.

We are unable to predict whether, or to what extent or for how long, these adverse market and economic conditions will persist. The continuation and/or intensification of these conditions may impede our ability to generate sufficient operating cash flow to pay expenses, maintain properties, pay dividends and refinance debt.

As a result of the ongoing market volatility and declining market conditions, we recognized non-cash impairment charges of approximately \$17.5 million, \$38.8 million and \$52.5 million for the year ended December 31, 2010, 2009 and 2008, respectively.

Ongoing adverse market and economic conditions and market volatility will likely continue to make it difficult to value the properties and investments owned by us and our unconsolidated joint ventures. There may be significant uncertainty in the valuation, or in the stability of the value, of such properties and investments that could result in a substantial decrease in the value thereof. In addition, we intend to sell certain assets over the next several years. No assurance can be given that we will be able to recover the current carrying amount of all of our properties and those of our unconsolidated joint ventures and/or our goodwill in the future. Our inability to do so would require us to recognize additional impairment charges for the period in which we reached that conclusion, which could materially and adversely affect us.

Changes in accounting standards may adversely impact our financial condition and results of operations.

The Financial Accounting Standards Board, in conjunction with the Securities and Exchange Commission, has several key projects on their agenda that could impact how we currently account for our material transactions, including lease

accounting and other convergence projects with the International Accounting Standards Board. We believe that these and other potential proposals could have varying degrees of impact on us ranging from minimal to material. At this time, we are unable to predict with certainty which, if any, proposals may be passed or what level of impact any such proposal could have on us.

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Compliance with federal and state laws and regulations on climate control may reduce the value or profitability of our properties or adversely affect our cash flow.

All of our properties are required to comply with state and federal legislation and regulation that has been made or will be made regarding climate control. These matters may cause us or our tenants to incur substantial compliance, remediation and other costs, and can prohibit or severely restrict development in environmentally sensitive regions or areas. If not addressed, climate control issues or environmental conditions could impair our ability to sell or re-lease the affected properties in the future or result in lower sales prices or rent payments.

Currently, we are subject to certain regulations regarding the future replacement of roofing on our properties located in California, the City of Houston and Burbank, Illinois, which will increase the cost of replacement roofs for those properties. Compliance with these regulations is not expected to have a material affect on our operating results.

Natural disasters and severe weather conditions could have an adverse effect on our cash flow and operating results.

Changing weather patterns and climatic conditions, such as global warming, may have added to the unpredictability and frequency of natural disasters in some parts of the world and created additional uncertainty as to future trends and exposures. Our operations are located in many areas that are subject to natural disasters and severe weather conditions such as hurricanes, tornadoes, earthquakes, droughts, floods and fires. The occurrence of natural disasters or severe weather conditions can delay new development projects, increase investment costs to repair or replace damaged properties, increase future property insurance costs, and negatively impact the tenant demand for lease space. If insurance is unavailable to us or is unavailable on acceptable terms, or if our insurance is not adequate to cover business interruption or losses from these events, our earnings, liquidity or capital resources could be adversely affected.

We are unable to predict the effect of current governmental proposals.

The current U.S. administration and Congress have made, or called for consideration of, several additional proposals relating to a variety of issues, including universal healthcare, financial regulation reform, climate control and others. We believe that these and other potential proposals could have varying degrees of impact on us ranging from minimal to material. At this time, we are unable to predict with certainty which, if any, proposals may be passed or what level of impact any such proposal could have on us.

ITEM 1B. Unresolved Staff Comments

None.

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ITEM 2. Properties

At December 31, 2010, our real estate properties consisted of 392 locations in 23 states. A complete listing of these properties, including the name, location, building area and land area, is as follows (in square feet):

Center and Location	Building Total	Land Total
Retail		
Arizona		
Arrowhead Festival S.C., 75th Ave. at W. Bell Rd., Glendale	198,458	157,000
Basha's Valley Plaza, S. McClintock at E. Southern, Tempe	145,518	570,000
Broadway Marketplace, Broadway at Rural, Tempe	82,757	347,000
Camelback Village Square, Camelback at 7th Avenue, Phoenix	234,494	543,000
Desert Village, Pinnacle Peak Rd. at Pima Rd., Scottsdale	101,863	595,901
Entrada de Oro, Magee Road and Oracle Road, Tucson	109,071	572,000
Fountain Plaza, 77th St. at McDowell, Scottsdale	267,761	445,000
Fry's Ellsworth Plaza, Broadway Rd. at Ellsworth Rd., Mesa	73,608	58,000
Laveen Village Market, Baseline Rd. at 51st St., Phoenix	111,644	372,274
Madera Village, Tanque Verde Rd. and Catalina Hwy., Tucson	107,326	419,000
Mohave Crossroads, Bullhead Parkway at State Route 95, Bullhead City	379,528	990,867
Monte Vista Village Center, Baseline Rd. at Ellsworth Rd., Mesa	108,551	353,000
Oracle Crossings, Oracle Highway and Magee Road, Tucson	260,541	1,307,000
Oracle Wetmore, Wetmore Road and Oracle Highway, Tucson	255,290	711,162
Palmilla Center, Dysart Rd. at McDowell Rd., Avondale	173,823	264,000
Pueblo Anozira, McClintock Dr. at Guadalupe Rd., Tempe	158,269	769,000
Raintree Ranch, Ray Road at Price Road, Chandler	141,230	714,813
Rancho Encanto, 35th Avenue at Greenway Rd., Phoenix	66,787	246,440
Red Mountain Gateway, Power Rd. at McKellips Rd., Mesa	205,212	353,000
Scottsdale Horizon, Frank Lloyd Wright Blvd. and Thompson Peak Parkway, Scottsdale	10,237	61,000
Shoppes at Bears Path, Tanque Verde Rd. and Bear Canyon Rd., Tucson	65,779	362,000
Squaw Peak Plaza, 16th Street at Glendale Ave., Phoenix	60,728	220,000
	92,626	569,966

The Shoppes at Parkwood Ranch, Southern Avenue and Signal Butte Road, Mesa

Arizona, Total	3,411,101	11,001,423
Arkansas		
Markham Square, W. Markham at John Barrow, Little Rock	126,904	514,000
Markham West, 11400 W. Markham, Little Rock	178,500	769,000
Westgate, Cantrell at Bryant, Little Rock	52,626	206,000
Arkansas, Total	358,030	1,489,000

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Center and Location		Building Total	Land Total
California			
580 Market Place, E. Castro Valley at Hwy. I-580, Castro Valley		100,165	444,000
Arcade Square, Watt Ave. at Whitney Ave., Sacramento		76,497	234,000
Buena Vista Marketplace, Huntington Dr. at Buena Vista St., Duarte		90,805	322,000
Centerwood Plaza, Lakewood Blvd. at Alondra Dr., Bellflower		76,985	333,000
Chino Hills Marketplace, Chino Hills Pkwy. at Pipeline Ave., Chino Hills		311,575	1,187,000
Creekside Center, Alamo Dr. at Nut Creek Rd., Vacaville		116,229	400,000
Discovery Plaza, W. El Camino Ave. at Truxel Rd., Sacramento		93,491	417,000
El Camino Promenade, El Camino Real at Via Molena, Encinitas		129,651	451,000
Freedom Centre, Freedom Blvd. At Airport Blvd., Watsonville		150,241	543,000
Fremont Gateway Plaza, Paseo Padre Pkwy. at Walnut Ave., Fremont		194,601	650,000
Greenhouse Marketplace, Lewelling Blvd. at Washington Ave., San Leandro		238,664	578,000
Hallmark Town Center, W. Cleveland Ave. at Stephanie Ln., Madera		85,066	365,000
Jess Ranch Marketplace, Bear Valley Road at Jess Ranch Parkway, Apple Valley	(1)(3)	302,463	920,423
Jess Ranch Phase III, Bear Valley Road at Jess Ranch Parkway, Apple Valley	(1)(3)	179,514	741,813
Marshalls Plaza, McHenry at Sylvan Ave., Modesto		78,752	218,000
Menifee Town Center, Antelope Rd. at Newport Rd., Menifee		248,734	658,000
Prospectors Plaza, Missouri Flat Rd. at US Hwy. 50, Placerville		228,345	866,684
		120,829	541,000

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Rancho San Marcos Village, San Marcos Blvd. at Rancho Santa Fe Rd., San Marcos			
San Marcos Plaza, San Marcos Blvd. at Rancho Santa Fe Rd., San Marcos		81,086	116,000
Shasta Crossroads, Churn Creek Rd. at Dana Dr., Redding		252,651	520,000
Silver Creek Plaza, E. Capital Expressway at Silver Creek Blvd., San Jose		197,925	573,000
Southampton Center, IH-780 at Southampton Rd., Benecia		162,764	596,000
Stoneridge Town Centre, Highway 60 at Nason St., Moreno Valley	(1)(3)	156,630	1,104,246
Stony Point Plaza, Stony Point Rd. at Hwy. 12, Santa Rosa		198,528	619,000
Summerhill Plaza, Antelope Rd. at Lichen Dr., Sacramento		128,880	704,000
Sunset Center, Sunset Ave. at State Hwy. 12, Suisun City		85,238	359,000
Tully Corners Shopping Center, Tully Rd. at Quimby Rd., San Jose	(1)(3)	115,992	430,891
Valley, Franklin Boulevard and Mack Road, Sacramento		98,240	580,000
Westminster Center, Westminster Blvd. at Golden West St., Westminster		417,820	1,739,000
California, Total		4,718,361	17,211,057
Colorado			
Academy Place, Academy Blvd. at Union Blvd., Colorado Springs		290,464	404,000
Aurora City Place, E. Alameda at I225, Aurora	(1)(3)	547,283	2,260,000
CityCenter Englewood, S. Santa Fe at Hampden Ave., Englewood	(1)(3)	359,305	452,941
Crossing at Stonegate, Jordon Rd. at Lincoln Ave., Parker	(1)(3)	109,058	870,588
Edgewater Marketplace, Sheridan Blvd. at 17th Ave., Edgewater		145,780	538,576
Green Valley Ranch Towne Center, Tower Rd. at 48th Ave., Denver	(1)(3)	114,947	276,000

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Center and Location		Building Total	Land Total
Lowry Town Center, 2nd Ave. at Lowry Ave., Denver	(1)(3)	129,398	246,000
River Point at Sheridan, Highway 85 and Highway 285, Sheridan	(1)(2)	434,070	3,266,813
The Gardens on Havana, Mississippi at Havana, Aurora	(1)(2)(3)	945,648	0
Thorncreek Crossing, Washington St. at 120th St., Thornton	(1)(3)	386,137	1,156,863
Uintah Gardens, NEC 19th St. at West Uintah, Colorado Springs		214,774	677,000
Westminster Plaza, North Federal Blvd. at 72nd Ave., Westminster	(1)	111,113	636,000
Colorado, Total		3,787,977	10,784,781
Florida			
Alafaya Square, Alafaya Trail, Oviedo	(1)(3)	176,486	915,000
Argyle Village, Blanding at Argyle Forest Blvd., Jacksonville		312,447	1,329,000
Boca Lyons, Glades Rd. at Lyons Rd., Boca Raton		113,515	545,000
Clermont Landing, U.S. 27 & Steve's Road, Clermont	(1)(2)(3)	241,126	2,039,915
Colonial Landing, East Colonial Dr. at Maguire Boulevard, Orlando	(1)	263,007	980,000
Colonial Plaza, E. Colonial Dr. at Primrose Dr., Orlando		502,182	2,009,000
Countryside Centre, US Highway 19 at Countryside Boulevard, Clearwater		242,567	906,440
East Lake Woodlands, East Lake Road and Tampa Road, Palm Harbor	(1)(3)	140,617	730,000
Embassy Lakes, Sheraton St. at Hiatus Rd., Cooper City		179,937	618,000
Epic Village - St. Augustine, SR 207 at Rolling Hills Dr, St. Augustine	(1)	53,625	773,626
Flamingo Pines, Pines Blvd. at Flamingo Rd.,	(1)(3)	126,419	707,075

Pembroke Pines

Flamingo Pines, Pines Blvd. at Flamingo Rd., Pembroke Pines		236,292	739,925
Hollywood Hills Plaza, Hollywood Blvd. at North Park Rd., Hollywood	(1)(3)	364,785	1,429,000
Indian Harbour Place, East Eau Gallie Boulevard, Indian Harbour Beach	(1)(3)	163,521	636,000
International Drive Value Center, International Drive and Touchstone Drive, Orlando	(1)(3)	185,664	985,000
Kendall Corners, Kendall Drive and SW 127th Avenue, Miami	(1)(3)	96,472	365,000
Lake Washington Crossing, Wickham Rd. at Lake Washington Rd., Melbourne	(1)(3)	118,828	580,000
Lake Washington Square, Wickham Rd. at Lake Washington Rd., Melbourne		111,811	688,000
Largo Mall, Ulmerton Rd. at Seminole Ave., Largo		575,247	1,888,000
Market at Southside, Michigan Ave. at Delaney Ave., Orlando		159,835	349,000
Marketplace at Seminole Towne Center, Central Florida Greenway and Rinehart Road, Sanford		498,612	1,743,000
Northridge, E. Commercial Blvd. at Dixie Hwy., Oakland Park	(1)(3)	236,069	901,000
Palm Coast Center, State Road 100 & Belle Terre Parkway, Palm Coast	(1)(3)	356,195	960,503
Palm Lakes Plaza, Atlantic Boulevard and Rock Island Road, Maragate	(1)(3)	113,752	550,000
Palms of Carrollwood, N. Dale Maybry Dr. at Fletcher Ave., Tampa		167,887	679,536
Paradise Key at Kelly Plantation, US Highway 98 and Mid Bay Bridge Rd., Destin	(1)(3)	271,777	1,247,123
Pembroke Commons, University at Pines Blvd., Pembroke Pines	(1)(3)	304,395	1,394,000
Phillips Crossing, Interstate 4 and Sand Lake Road, Orlando		145,704	697,000

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Center and Location		Building Total	Land Total
Phillips Landing, Turkey Lake Rd., Orlando		286,038	311,000
Pineapple Commons, Us Highway 1 and Britt Rd., Stuart	(1)(3)	249,014	762,736
Publix at Laguna Isles, Sheridan St. at SW 196th Ave., Pembroke Pines		69,475	400,000
Quesada Commons, Quesada Avenue and Toledo Blade Boulevard, Port Charlotte	(1)(3)	58,890	312,000
Shoppes at Paradise Isle, 34940 Emerald Coast Pkwy., Destin	(1)(3)	171,670	764,000
Shoppes at Parkland, Hillsboro Boulevard at State Road #7, Parkland	(1)	145,652	905,000
Shoppes of Port Charlotte, Toledo Blade Boulevard and Tamiami Trail, Port Charlotte	(1)(3)	41,011	276,000
Shoppes of Port Charlotte, Toledo Blade Boulevard and Tamiami Trail, Port Charlotte	(1)(3)	3,921	176,720
South Dade, South Dixie Highway and Eureka Drive, Miami	(1)(3)	219,473	1,230,000
Sunrise West Shopping Center, West Commercial Drive and NW 91st Avenue, Sunrise	(1)(3)	76,321	540,000
Sunset 19, US Hwy. 19 at Sunset Pointe Rd., Clearwater		275,910	1,078,000
Tamiami Trail Shops, S.W. 8th St. at S.W. 137th Ave., Miami	(1)(3)	110,867	515,000
The Marketplace at Dr. Phillips, Dr. Phillips Boulevard and Sand Lake Road, Orlando	(1)(3)	326,108	1,495,000
The Shoppes at South Semoran, Semoran Blvd. at Pershing Ave., Orlando		101,486	451,282
TJ Maxx Plaza, 117th Avenue at Sunset Blvd., Kendall		161,429	540,000
University Palms, Alafaya Trail at McCullough Rd., Oviedo	(1)	99,172	522,000
Venice Pines, Center Rd. at Jacaranda Blvd., Venice		97,303	525,000
Vizcaya Square, Nob Hill Rd. at Cleary Blvd., Plantation		112,410	521,000
		260,521	361,000

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Westland Terrace Plaza, SR 50 at Apopka Vineland Rd., Orlando			
Winter Park Corners, Aloma Ave. at Lakemont Ave., Winter Park		102,382	400,000
Florida, Total		9,427,827	39,470,881
Georgia			
Brookwood Marketplace, Peachtree Parkway at Mathis Airport Rd., Suwannee		373,594	1,459,000
Brookwood Square, East-West Connector at Austell Rd., Austell		253,448	971,000
Brownsville Commons, Brownsville Road and Hiram-Lithia Springs Road, Powder Springs		81,886	205,000
Camp Creek Marketplace II, Camp Creek Parkway and Carmla Drive, Atlanta		196,283	724,000
Cherokee Plaza, Peachtree Road and Colonial Drive, Atlanta	(1)	99,749	336,000
Dallas Commons, US Highway 278 and Nathan Dean Boulevard, Dallas		95,262	244,000
Grayson Commons, Grayson Hwy. at Rosebud Rd., Grayson		76,611	507,383
Lakeside Marketplace, Cobb Parkway (US Hwy. 41), Acworth		310,848	736,000
Mansell Crossing, North Point Parkway at Mansell Rd., Alpharetta	(1)(3)	102,931	582,833
Perimeter Village, Ashford-Dunwoody Rd., Atlanta		387,755	1,803,820
Publix at Princeton Lakes, Carmia Drive and Camp Creek Drive, Atlanta	(1)(3)	68,407	336,000
Reynolds Crossing, Steve Reynolds and Old North Cross Rd., Duluth		115,983	407,000
Roswell Corners, Woodstock Rd. at Hardscrabble Rd., Roswell		318,369	784,000
Sandy Plains Exchange, Sandy Plains at Scufflegrit, Marietta	(1)	72,784	452,000
Thompson Bridge Commons, Thompson Bridge Rd. at Mt. Vernon Rd., Gainesville	(1)	92,587	540,000
Georgia, Total		2,646,497	10,088,036

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Center and Location	Building Total	Land Total
Illinois		
Burbank Station, S. Cicero Ave. at W. 78th St., Burbank	303,566	1,013,380
Illinois, Total	303,566	1,013,380
Kansas		
Kohl's, Wanamaker Rd. at S.W. 17th St., Topeka	115,716	444,000
Shawnee Village, Shawnee Mission Pkwy. at Quivera Rd., Shawnee	132,619	526,987
Kansas, Total	248,335	970,987
Kentucky		
Festival at Jefferson Court, Outer Loop at Jefferson Blvd., Louisville	218,396	1,153,000
Millpond Center, Boston at Man O'War, Lexington	151,567	773,000
Regency Shopping Centre, Nicholasville Rd.& West Lowry Lane, Lexington	189,016	590,000
Tates Creek, Bates Creek at Man O' War, Lexington	179,450	586,384
Kentucky, Total	738,429	3,102,384
Louisiana		
14/Park Plaza, Hwy. 14 at General Doolittle, Lake Charles	172,068	535,000
Danville Plaza, Louisville at 19th, Monroe	141,380	539,000
K-Mart Plaza, Ryan St., Lake Charles (1)(3)	215,948	126,000
Manhattan Place, Manhattan Blvd. at Gretna Blvd., Harvey	276,615	718,339
Orleans Station, Paris, Robert E. Lee at Chatham, New Orleans	0	15,318
Prien Lake Plaza, Prien Lake Rd. at Nelson Rd., Lake Charles	213,618	64,950
River Marketplace, Ambassador Caffery at Kaliste Saloom, Lafayette (1)(3)	334,939	1,029,415

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Southgate, Ryan at Eddy, Lake Charles		157,538	511,000
Town & Country Plaza, U.S. Hwy. 190 West, Hammond		227,452	645,000
University Place, 70th St. at Youree Dr., Shreveport	(1)(3)	376,154	1,076,803
University Place, 71st St. at Youree Dr., Shreveport		5,100	37,462
Westwood Village, W. Congress at Bertrand, Lafayette		138,034	942,000
Louisiana, Total		2,258,846	6,240,287
Maine			
The Promenade, Essex at Summit, Lewiston	(1)	204,713	962,667
Maine, Total		204,713	962,667

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Center and Location	Building Total	Land Total
Missouri		
Ballwin Plaza, Manchester Rd. at Vlasis Dr., Ballwin	200,915	653,000
Western Plaza, Hwy. 141 at Hwy. 30, Fenton (1)(3)	56,634	654,000
Missouri, Total	257,549	1,307,000
Nevada		
Best in the West, Rainbow at Lake Mead Rd., Las Vegas	428,067	1,516,000
Charleston Commons, Charleston and Nellis, Las Vegas	332,539	1,314,791
College Park S.C., E. Lake Mead Blvd. at Civic Ctr. Dr., North Las Vegas	167,654	721,000
Eastern Horizon, Eastern Ave. at Horizon Ridge Pkwy., Henderson	209,727	478,000
Francisco Centre, E. Desert Inn Rd. at S. Eastern Ave., Las Vegas	148,815	639,000
Mission Center, Flamingo Rd. at Maryland Pkwy., Las Vegas	212,493	570,000
Paradise Marketplace, Flamingo Rd. at Sandhill, Las Vegas	148,092	323,556
Rainbow Plaza, Phase I, Rainbow Blvd. at Charleston Blvd., Las Vegas	136,369	514,518
Rainbow Plaza, Rainbow Blvd. at Charleston Blvd., Las Vegas	273,916	1,033,482
Rancho Towne & Country, Rainbow Blvd. at Charleston Blvd., Las Vegas	84,743	350,000
Tropicana Beltway, Tropicana Beltway at Fort Apache Rd., Las Vegas	640,754	1,466,000
Tropicana Marketplace, Tropicana at Jones Blvd., Las Vegas	144,493	309,912
Westland Fair North, Charleston Blvd. at Decatur Blvd., Las Vegas	600,585	1,008,451
Nevada, Total	3,528,247	10,244,710

New Mexico

Eastdale, Candelaria Rd. at Eubank Blvd., Albuquerque		119,111	601,000
North Towne Plaza, Academy Rd. at Wyoming Blvd., Albuquerque		107,666	607,000
Pavillions at San Mateo, I-40 at San Mateo, Albuquerque		196,044	791,000
Wyoming Mall, Academy Rd. at Northeastern, Albuquerque		267,847	271,407
New Mexico, Total		690,668	2,270,407

North Carolina

Avent Ferry, Avent Ferry Rd. at Gorman St., Raleigh		111,622	669,000
Bull City Market, Broad St. at West Main St., Durham		42,517	112,000
Capital Square, Capital Blvd. at Huntleigh Dr., Cary		143,063	607,000
Chatham Crossing, US 15/501 at Plaza Dr., Chapel Hill	(1)(3)	96,155	424,000
Cole Park Plaza, US 15/501 and Plaza Dr., Chapel Hill	(1)(3)	82,258	380,000
Falls Pointe, Neuce Rd. at Durant Rd., Raleigh		193,331	659,000
Galleria, Galleria Boulevard and Sardis Road, Charlotte		328,276	799,000
Harrison Pointe, Harrison Ave. at Maynard Rd., Cary		130,934	1,297,306
Heritage Station, Forestville Rd. at Rogers Rd., Wake Forest	(1)	68,641	392,000
High House Crossing, NC Hwy. 55 at Green Level W. Rd., Cary		89,997	606,000
Hope Valley Commons, Highway 751 and Highway 54, Durham		81,371	1,247,123

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Center and Location		Building Total	Land Total
Johnston Road Plaza, Johnston Rd. at McMullen Creek Pkwy., Charlotte		79,508	466,000
Leesville Town Centre, Leesville Rd. at Leesville Church Rd., Raleigh		114,396	904,000
Little Brier Creek, Little Brier Creek Lane and Brier Leaf Lane, Raleigh		62,921	90,000
Mineral Springs Village, Mineral Springs Rd. at Wake Forest Rd., Durham		59,859	572,000
Northwoods Market, Maynard Rd. at Harrison Ave., Cary		77,802	431,000
Parkway Pointe, Cory Parkway at S. R. 1011, Cary		80,061	461,000
Pinecrest Plaza, Hwy. 15-501 at Morganton Rd., Pinehurst		252,038	1,438,000
Ravenstone Commons, Hwy. 98 at Sherron Rd., Durham		60,424	374,000
Six Forks Station, Six Forks Rd. at Strickland Rd., Raleigh		466,585	1,843,000
Steele Creek Crossing, York Rd. at Steele Creek Rd., Charlotte		77,301	491,000
Stonehenge Market, Creedmoor Rd. at Bridgeport Dr., Raleigh		188,521	669,000
Surf City Crossing, Highway 17 and Highway 210, Surf City	(2)	53,776	434,311
Waterford Village, U.S. Hwy. 17 & U.S. Hwy. 74/76, Leland	(2)	79,139	1,426,594
Whitehall Commons, NWC of Hwy. 49 at I-485, Charlotte		444,561	360,000
North Carolina, Total		3,465,057	17,152,334
Oklahoma			
Market Boulevard , E. Reno Ave. at N. Douglas Ave., Midwest City		35,765	142,000
Town and Country, Reno Ave. at North Air Depot, Midwest City		128,231	540,000

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Oklahoma, Total		163,996	682,000
Oregon			
Clackamas Square, SE 82nd Avenue and SE Causey Avenue, Portland	(1)(3)	136,739	215,000
Oak Grove Market Center, SE Mcloughlin Blvd. & Oak Grove Ave., Portland		97,177	292,288
Raleigh Hills Plaza, SW Beaverton-Hillsdale Hwy. and SW Scholls Ferry Road, Portland	(1)(3)	39,520	165,000
Oregon, Total		273,436	672,288
South Carolina			
Fresh Market Shoppes, 890 William Hilton Head Pkwy., Hilton Head	(1)(3)	86,120	436,000
South Carolina, Total		86,120	436,000
Tennessee			
Bartlett Towne Center, Bartlett Blvd. at Stage Rd., Bartlett		192,624	774,000
Commons at Dexter Lake Phase II, Dexter at N. Germantown, Memphis	(1)	61,538	272,792
Commons at Dexter Lake, Dexter at N. Germantown, Memphis	(1)	166,958	740,208
Highland Square, Summer at Highland, Memphis		14,490	84,000
Mendenhall Commons, South Mendenahall Rd. and Sanderlin Avenue, Memphis	(1)	83,847	250,000
Ridgeway Trace, Poplar Avenue and Ridgeway Road, Memphis	(2)	251,511	222,553
Summer Center, Summer Ave. at Waring Rd., Memphis		137,335	560,000
Tennessee, Total		908,303	2,903,553

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Center and Location		Building Total	Land Total
Texas			
10/Federal, I-10 at Federal, Houston	(1)	132,472	474,000
Alabama-Shepherd, S. Shepherd at W. Alabama, Houston		56,110	176,000
Angelina Village, Hwy. 59 at Loop 287, Lufkin		248,199	1,835,000
Bayshore Plaza, Spencer Hwy. at Burke Rd., Houston		122,039	196,000
Bell Plaza, 45th Ave. at Bell St., Amarillo	(1)	130,631	682,000
Bellaire Boulevard, Bellaire at S. Rice, Houston	(1)	35,081	137,000
Boswell Towne Center, Highway 287 at Bailey Boswell Rd., Saginaw		87,835	137,000
Braeswood Square, N. Braeswood at Chimney Rock, Houston		103,336	422,000
Broadway , Broadway at 59th St., Galveston	(1)	74,604	220,000
Broadway, S. Broadway at W. 9th St., Tyler		60,400	259,000
Calder, Calder at 24th St., Beaumont		34,641	95,000
Cedar Bayou, Bayou Rd., La Marque		45,561	51,000
Central Plaza, Loop 289 at Slide Rd., Lubbock		151,677	529,000
Centre at Post Oak, Westheimer at Post Oak Blvd., Houston		184,601	505,000
Champions Village, F.M. 1960 at Champions Forest Dr., Houston	(1)	384,581	1,391,000
Coronado, 34th St. at Wimberly Dr., Amarillo		48,165	201,000
Crossroads, I-10 at N. Main, Vidor		115,692	484,000
Cullen Center, Cullen at Reed, Houston		7,316	30,000
Cullen Plaza, Cullen at Wilmington, Houston	(1)	84,517	318,000
Custer Park, SWC Custer Road at Parker Road, Plano		179,573	376,000
Cypress Pointe, F.M. 1960 at Cypress Station, Houston		287,364	737,000
Eastpark, Mesa Rd. at Tidwell, Houston		1,576	85,262
Edgebrook, Edgebrook at Gulf Fwy., Houston	(1)	78,460	360,000
Fiesta Trails, I-10 at DeZavala Rd., San Antonio		488,370	1,589,000
Fiesta Village, Quitman at Fulton, Houston	(1)	30,249	80,000

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Fondren/West Airport, Fondren at W. Airport, Houston		37,117	223,000
Food King Place, 25th St. at Avenue P, Galveston		28,062	78,000
Galveston Place, Central City Blvd. at 61st St., Galveston		210,187	828,000
Gateway Station, I-35W and McAlister Rd., Burleson	(1)	68,500	344,286
Gillham Circle, Gillham Circle at Thomas, Port Arthur		33,134	94,000
Glenbrook Square, Telephone Road, Houston	(1)	77,890	320,000
Griggs Road, Griggs at Cullen, Houston	(1)	80,116	382,000
Harrisburg Plaza, Harrisburg at Wayside, Houston	(1)	93,438	334,000
Heights Plaza, 20th St. at Yale, Houston		71,777	228,000
Horne Street Market, I-30 & Horne Street, Fort Worth		42,267	223,463
Humblewood Shopping Plaza, Eastex Fwy. at F.M. 1960, Houston		275,673	784,000
I-45/Telephone Rd. Center, I-45 at Maxwell Street, Houston	(1)	171,789	658,586
Independence Plaza, Town East Blvd., Mesquite		170,363	787,000

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Center and Location		Building Total	Land Total
Island Market Place, 6th St. at 9th Ave., Texas City		27,277	90,000
Jacinto City, Market at Baca, Houston	(1)	49,138	134,000
Killeen Marketplace, 3200 E. Central Texas Expressway, Killeen		251,137	512,000
Kirby Strip Center, Kirby Dr, Houston		10,000	37,897
Lake Pointe Market Center, Dalrock Rd. at Lakeview Pkwy., Rowlett		121,689	218,158
Las Tiendas Plaza, Expressway 83 at McColl Rd., McAllen	(1)(3)	500,067	910,000
Lawndale, Lawndale at 75th St., Houston	(1)	52,127	177,000
League City Plaza, I-45 at F.M. 518, League City	(1)	126,990	680,000
Little York Plaza, Little York at E. Hardy, Houston	(1)	113,878	483,000
Lone Star Pavilions, Texas at Lincoln Ave., College Station		106,907	439,000
Lyons Avenue, Lyons at Shotwell, Houston	(1)	67,629	178,000
Market at Nolana, Nolana Ave. and 29th St., McAllen	(1)(3)	244,501	181,300
Market at Sharyland Place, U.S. Expressway 83 and Shary Road, Mission	(1)(3)	301,174	543,000
Market at Town Center, Town Center Blvd., Sugar Land		375,547	1,733,000
Market at Westchase, Westheimer at Wilcrest, Houston		84,081	318,000
Montgomery Plaza, Loop 336 West at I-45, Conroe		300,772	1,179,000
Moore Plaza, S. Padre Island Dr. at Staples, Corpus Christi		533,816	1,491,000
North Creek Plaza, Del Mar Blvd. at Hwy. I-35, Laredo		445,940	1,251,000
North Main Square, Pecore at N. Main, Houston		18,515	64,000
North Oaks, F.M. 1960 at Veterans Memorial, Houston	(1)	405,186	1,646,000
North Park Plaza, Eastex Fwy. at Dowlen, Beaumont	(1)(3)	281,401	636,000
North Towne Plaza, U.S. 77 and 83 at SHFM 802, Brownsville	(2)	128,200	303,715
North Triangle , I-45 at F.M. 1960, Houston		16,060	113,000
Northbrook Center, Northwest Fwy. at W. 34th, Houston		173,288	655,000

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Northcross, N. 10th St. at Nolana Loop, McAllen	(1)(3)	75,517	218,000
Northwest Crossing, N.W. Fwy. at Hollister, Houston	(1)(3)	302,290	884,000
Oak Forest, W. 43rd at Oak Forest, Houston		152,504	541,000
Oak Park Village, Nacogdoches at New Braunfels, San Antonio	(1)	64,287	221,000
Old Navy Building, 1815 10th Street, McAllen	(1)(3)	15,000	62,000
Orchard Green, Gulfton at Renwick, Houston		74,983	273,000
Overton Park Plaza, SW Loop 820/Interstate 20 at South Hulen St., Ft. Worth		466,322	1,636,000
Palmer Plaza, F.M. 1764 at 34th St., Texas City		196,506	367,000
Parliament Square II, W. Ave. at Blanco, San Antonio		54,541	220,919
Parliament Square, W. Ave. at Blanco, San Antonio		64,950	263,081
Phelan West, Phelan at 23rd St., Beaumont	(1)(3)	82,221	88,509
Phelan, Phelan at 23rd St, Beaumont		12,000	63,000
Pitman Corners, Custer Road at West 15th, Plano		192,283	699,000
Plantation Centre, Del Mar Blvd. at McPherson Rd., Laredo		134,853	596,000
Preston Shepard Place, Preston Rd. at Park Blvd., Plano	(1)(3)	363,337	1,359,072

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Center and Location		Building Total	Land Total
Randall's/Cypress Station, F.M. 1960 at I-45, Houston		138,974	618,000
Randall's/Kings Crossing, Kingwood Dr. at Lake Houston Pkwy., Houston	(1)	126,397	624,000
Randall's/Norchester, Grant at Jones, Houston		107,200	475,000
Richmond Square, Richmond Ave. at W. Loop 610, Houston		93,870	135,000
River Oaks East, W. Gray at Woodhead, Houston		71,265	206,000
River Oaks West, W. Gray at S. Shepherd, Houston		248,820	609,000
Rockwall, I-30 at Market Center Street, Rockwall		209,051	933,000
Rose-Rich, U.S. Hwy. 90A at Lane Dr., Rosenberg		103,385	386,000
Sharyland Towne Crossing, Shary Rd. at Hwy. 83, Mission	(1)(3)	484,949	2,008,000
Sheldon Forest North , North, I-10 at Sheldon, Houston		22,040	131,000
Sheldon Forest South , North, I-10 at Sheldon, Houston	(1)	75,340	328,000
Shops at Three Corners, S. Main at Old Spanish Trail, Houston	(1)	247,229	1,007,143
South 10th St. HEB, S. 10th St. at Houston St., McAllen	(1)(3)	103,702	368,000
Southgate, W. Fuqua at Hiram Clark, Houston	(1)	125,260	533,000
Spring Plaza, Hammerly at Campbell, Houston	(1)	59,166	202,000
Starr Plaza, U.S. Hwy. 83 at Bridge St., Rio Grande City	(1)(3)	176,693	742,000
Stella Link, Stella Link at S. Braeswood, Houston		71,287	423,588
Studemont, Studewood at E. 14th St, Houston		28,466	91,000
Ten Blalock Square, I-10 at Blalock, Houston		97,277	321,000
Thousand Oaks, Thousand Oaks Dr. at Jones Maltsberger Rd., San Antonio	(1)	162,882	730,000
Tomball Marketplace, FM 2920 and Future 249, Tomball	(2)	100,341	963,246
Valley View, West Ave. at Blanco Rd., San Antonio		91,544	341,000

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Village Arcade, University at Kirby, Houston		57,203	276,503
Village Arcade-Phase II, University at Kirby, Houston		28,371	60,099
Village Arcade-Phase III, University at Kirby, Houston		107,134	231,156
Village Plaza at Bunker Hill, Bunker Hill Rd. at Interstate 10, Houston	(1)(3)	490,867	1,921,649
Westchase Center, Westheimer at Wilcrest, Houston		331,027	754,000
Westhill Village, Westheimer at Hillcroft, Houston		130,041	479,000
Westwood Center, Culebra Road and Westwood Loop, San Antonio	(2)	29,080	683,618
Texas, Total		15,639,138	54,699,250
Utah			
Alpine Valley Center, Main St. at State St., American Fork	(1)(3)	224,654	447,045
Taylorsville Town Center, West 4700 South at Redwood Rd., Taylorsville		134,214	399,000
West Jordan Town Center, West 7000 South at S. Redwood Rd., West Jordan		304,899	814,000
Utah, Total		663,767	1,660,045

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Center and Location		Building Total	Land Total
Washington			
Meridian Town Center, Meridian Avenue East and 132nd Street East, Puyallup	(1)(3)	143,012	535,000
Mukilteo Speedway Center, Mukilteo Speedway, Lincoln Way, and Highway 99, Lynnwood	(1)(3)	90,273	355,000
Rainer Square Plaza, Rainer Avenue South and South Charleston Street, Seattle	(1)(3)	107,423	345,000
South Hill Center, 43rd Avenue Southwest and Meridian Street South, Puyallup	(1)(3)	134,010	515,000
Washington, Total		474,718	1,750,000
Industrial			
California			
Siempre Viva Business Park, Siempre Viva Rd. at Kerns St., San Diego	(1)(3)	726,766	1,760,000
California, Total		726,766	1,760,000
Florida			
1801 Massaro, 1801 Massaro Blvd., Tampa		159,000	337,000
Hopewell Industrial Center, Old Hopewell Boulevard and U.S. Highway 301, Tampa		224,483	486,000
Lakeland Industrial Center, I-4 at County Rd., Lakeland		600,000	1,535,000
Lakeland Interstate Industrial Park I, Interstate Drive and Kathleen Rd., Lakeland		168,400	425,000
Tampa East Industrial Portfolio, 1841 Massaro Blvd., Tampa		512,923	1,342,000
Florida, Total		1,664,806	4,125,000
Georgia			
6485 Crescent Drive, I-85 at Jimmy Carter Blvd., Norcross	(1)(3)	360,460	965,000

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Atlanta Industrial Park, Atlanta Industrial Pkwy. at Atlanta Industrial Dr., Atlanta		120,200	381,918
Atlanta Industrial Park II & VI, Atlanta Industrial Pkwy. at Atlanta Industrial Dr., Atlanta		382,120	1,214,068
Atlanta Industrial Parkway, Atlanta Industrial Pkwy. at Atlanta Industrial Dr., Atlanta		50,000	159,014
Kennesaw 75, 3850-3900 Kennesaw Pkwy., Kennesaw		178,467	491,000
Riverview Distribution Center, Fulton Industrial Blvd. at Camp Creek Parkway, Atlanta		265,200	1,301,791
Sears Logistics, 3700 Southside Industrial Way, Atlanta	(1)(3)	402,554	890,000
SouthPark 3075, Anvil Block Rd. and South Park Blvd., Atlanta		234,525	1,022,292
Southside Industrial Parkway, Southside Industrial Pkwy. at Jonesboro Rd., Atlanta		72,000	242,000
Westlake 125, Camp Creek Parkway and Westlake Parkway, Atlanta		154,464	422,048
Georgia, Total		2,219,990	7,089,131
Tennessee			
Crowfarn Drive Warehouse, Crowfarn Dr. at Getwell Rd., Memphis	(1)(3)	158,849	315,000
Outland Business Center, Outland Center Dr., Memphis	(1)(3)	410,438	1,215,000
Southpoint I & II, Pleasant Hill Rd. at Shelby Dr., Memphis		570,940	1,127,000
Tennessee, Total		1,140,227	2,657,000

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Center and Location		Building Total	Land Total
Texas			
1625 Diplomat Drive, SWC Diplomat Dr. at McDaniel Dr., Carrollton		106,140	199,000
610 and 11th St. Warehouse, Loop 610 at 11th St., Houston	(1)(3)	243,642	540,000
610 and 11th St. Warehouse, Loop 610 at 11th St., Houston		104,975	202,000
610/288 Business Park , Cannon Street, Houston	(1)(3)	295,300	480,000
Beltway 8 Business Park, Beltway 8 at Petersham Dr., Houston		157,498	499,000
Blankenship Building, Kempwood Drive, Houston		59,718	175,000
Braker 2 Business Center, Kramer Ln. at Metric Blvd., Austin		27,359	93,000
Brookhollow Business Center, Dacoma at Directors Row, Houston		133,970	405,000
Central Plano Business Park, Klein Rd. at Plano Pkwy., Plano		137,785	415,000
Claywood Industrial Park, Clay at Hollister, Houston		301,975	1,357,242
Corporate Center Park I and II, Putnam Dr. at Research Blvd., Austin		120,613	326,000
Crestview, Bissonnet at Wilcrest, Houston		8,970	35,000
Crosspoint Warehouse, Crosspoint, Houston		72,505	179,000
Crosswinds Distribution Center, Tech Com at Wurzback Parkway, San Antonio		142,276	470,012
Freeport Business Center, 13215 N. Promenade Blvd., Stafford		251,645	635,000
Freeport Commerce Center, Sterling Street and Statesman Drive, Irving		50,590	196,000
Houston Cold Storage Warehouse, 7080 Express Lane, Houston		128,752	345,189
Interwest Business Park, Alamo Downs Parkway, San Antonio		219,244	742,000
Isom Business Park, 919-981 Isom Road, San Antonio		175,200	462,000
		189,532	447,553

Jupiter Business Park, Jupiter Rd. at Summit Ave., Plano			
Jupiter Service Center, Jupiter near Plano Pkwy., Plano		78,480	234,000
Kempwood Industrial, Kempwood Dr. at Blankenship Dr., Houston	(1)(3)	219,489	530,000
Kempwood Industrial, Kempwood Dr. at Blankenship Dr., Houston		113,218	327,000
Lathrop Warehouse, Lathrop St. at Larimer St., Houston	(1)(3)	251,890	435,000
Manana Office Center, I-35 at Manana, Dallas		223,128	470,000
McGraw Hill Distribution Center, 420 E. Danieldale Rd., DeSoto		417,938	888,000
Midpoint I-20 Distribution Center, New York Avenue and Arbrook Boulevard, Arlington		253,165	593,000
Midway Business Center, Midway at Boyington, Carrollton		141,246	309,000
Navigation Business Park, Navigation at N. York, Houston	(1)(3)	238,014	555,000
Newkirk Service Center, Newkirk near N.W. Hwy., Dallas		105,892	223,000
Northeast Crossing Office/Service Center, East N.W. Hwy. at Shiloh, Dallas		78,700	199,000
Northway Park II, Loop 610 East at Homestead, Houston	(1)(3)	303,483	745,000
Oak Hills Industrial Park, Industrial Oaks Blvd., Austin		89,858	340,000
O'Connor Road Business Park, O'Connor Road, San Antonio		150,091	459,000
Railwood F, Market at U.S. 90, Houston	(1)(3)	300,000	560,000
Railwood G, Mesa at U.S. 90, Houston	(1)(3)	210,850	562,665
Railwood Industrial Park, Mesa at U.S. 90, Houston	(1)(3)	497,656	1,060,000
Railwood Industrial Park, Mesa at U.S. 90, Houston		402,680	1,141,764

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Center and Location		Building Total	Land Total
Randol Mill Place, Randol Mill Road, Arlington		54,639	178,000
Redbird Distribution Center, Joseph Hardin Drive, Dallas		110,839	233,000
Regal Distribution Center, Leston Avenue, Dallas		202,559	318,000
Rutland 10 Business Center, Metric Blvd. at Centimeter Circle, Austin		54,000	139,000
Sherman Plaza Business Park, Sherman at Phillips, Richardson		101,140	312,000
Southpark A,B,C, East St. Elmo Rd. at Woodward St., Austin		78,276	238,000
Southpoint Service Center, Burlson at Promontory Point Dr., Austin		57,697	234,000
Southport Business Park 5, South Loop 610, Houston		160,011	358,000
Space Center Industrial Park, Pulaski St. at Irving Blvd., Dallas		264,582	426,000
Stonecrest Business Center, Wilcrest at Fallstone, Houston		110,861	308,000
Town & Country Commerce Center, I-10 at Beltway 8, Houston		206,056	0
West 10 Business Center II, Wirt Rd. at I-10, Houston		82,658	147,000
West Loop Commerce Center, W. Loop N. at I-10, Houston		34,256	91,000
West-10 Business Center, Wirt Rd. at I-10, Houston		99,883	331,000
Westgate Service Center, Park Row Drive at Whiteback Dr., Houston		123,399	499,000
Texas, Total		8,744,323	21,646,425
Virginia			
Enterchange at Meadowville, 2101 Bermuda Hundred Dr, Chester	(1)(3)	226,809	845,717
Enterchange at Northlake A, 11900-11998 North Lakeridge Parkway, Ashland		215,191	697,831
Enterchange at Northlake C, North Lakeridge Parkway & Northlake Park Dr, Ashland	(1)(3)	293,115	677,794

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Enterchange at Walthall A & B, 1900-1998 Ruffin Mill Rd., Colonial Heights	(1)(3)	606,679	1,467,536
Enterchange at Walthall C, 1936-1962 Ruffin Mill Rd., Colonial Heights	(1)(3)	261,922	864,840
Enterchange at Walthall D, 1700-1798 Ruffin Mill Rd., Colonial Heights		287,318	752,020
Interport Business Center A, 4800-4890 Eubank Road, Richmond	(1)(3)	441,018	1,037,556
Interport Business Center B, 4700-4790 Eubank Road, Richmond	(1)(3)	118,000	277,477
Interport Business Center C, 5300-5390 Laburnum Ave., Richmond	(1)(3)	54,885	154,202
Virginia, Total		2,504,937	6,774,973
Other			
Arizona			
Arcadia Biltmore Plaza, Campbell Ave. at North 36th St., Phoenix		21,122	74,000
Arizona, Total		21,122	74,000
Texas			
1919 North Loop West, Hacket Drive at West Loop 610 North, Houston		139,325	157,000
Citadel Plaza, Citadel Plaza Dr., Houston		121,000	170,931
Texas, Total		260,325	327,931

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Center and Location	Building Total	Land Total
Unimproved Land		
Arizona		
Bullhead Parkway at State Route 95, Bullhead City		312,761
Lon Adams Rd. at Tangerine Farms Rd., Marana		422,532
Southern Avenue and Signal Butte Road, Mesa		90,605
Arizona, Total		825,898
California		
Bear Valley Road at Jess Ranch Parkway Phase II, Apple Valley		138,956
Bear Valley Road at Jess Ranch Parkway Phase III, Apple Valley		473,497
California, Total		612,453
Colorado		
Highway 85 and Highway 285, Sheridan		1,003,187
Mississippi at Havana, Aurora		669,953
Colorado, Total		1,673,140
Florida		
SR 207 at Rolling Hills Dr, St. Augustine		228,254
State Road 100 & Belle Terre Parkway, Palm Coast		292,288
Young Pines and Curry Ford Rd., Orange County		132,422
Florida, Total		652,964
Georgia		
NWC South Fulton Parkway @ Hwy. 92, Union City		3,554,496
Georgia, Total		3,554,496
Louisiana		
70th St. at Mansfield Rd., Shreveport		41,818

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Ambassador Caffery at W. Congress, Lafayette	34,848
Louisiana, Total	76,666
Nevada	
SWC Highway 215 at Decatur, Las Vegas	1,103,810
Nevada, Total	1,103,810
North Carolina	
Creedmoor (Highway 50) and Crabtree Valley Avenue, Raleigh	510,959
Highway 17 and Highway 210, Surf City	2,024,233
U.S. 15-501 and Bruce Wood Rd., Southern Pines	1,047,182

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Center and Location	Building Total	Land Total
U.S. Highway 1 at Caveness Farms Rd., Wake Forest		3,074,900
U.S. Hwy. 17 & U.S. Hwy. 74/76, Leland		549,727
North Carolina, Total		7,207,001
Tennessee		
Poplar Avenue and Ridgeway Road, Memphis		53,579
Tennessee, Total		53,579
Texas		
9th Ave. at 25th St., Port Arthur		243,065
Bissonnet at Wilcrest, Houston		40,946
Citadel Plaza at 610 North Loop, Houston		137,214
Culebra Road and Westwood Loop, San Antonio		403,366
East Orem, Houston		121,968
FM 1957 (Potranco Road) and FM 211, San Antonio		8,655,372
FM 2920 and Highway 249, Tomball		1,467,972
Highway 3 at Highway 1765, Texas City		200,812
Kirkwood at Dashwood Drive, Houston		321,908
Leslie Rd. at Bandera Rd., Helotes		74,052
Mesa Road at Tidwell, Houston		35,719
Nolana Ave. and 29th St., McAllen		163,350
Northwest Freeway at Gessner, Houston		117,612
River Pointe Drive at Interstate 45, Conroe		118,483
Rock Prairie Rd. at Hwy. 6, College Station		394,218
SH 151 and Ingram Rd, San Antonio		369,389
Shary Rd. at North Hwy. 83, Mission		1,607,364
U.S. 77 and 83 at SHFM 802, Brownsville		954,835
US Hwy. 281 at Wilderness Oaks, San Antonio		1,269,774
West Little York at Interstate 45, Houston		161,172
West Loop North at Interstate 10, Houston		145,055

Texas, Total	17,003,646
Utah	
South 300 West & West Paxton Avenue, Salt Lake City	324,958
Utah, Total	324,958

Table of ContentsProperty Listing Summary
as of December 31, 2010

ALL PROPERTIES BY STATE	Number of Properties	Building Total	Land Total
Arizona	24	3,432,223	11,901,321
Arkansas	3	358,030	1,489,000
California	30	5,445,127	19,583,510
Colorado	12	3,787,977	12,457,921
Florida	52	11,092,633	44,248,845
Georgia	23	4,866,487	20,731,663
Illinois	1	303,566	1,013,380
Kansas	2	248,335	970,987
Kentucky	4	738,429	3,102,384
Louisiana	11	2,258,846	6,316,953
Maine	1	204,713	962,667
Missouri	2	257,549	1,307,000
Nevada	12	3,528,247	11,348,520
New Mexico	4	690,668	2,270,407
North Carolina	25	3,465,057	24,359,335
Oklahoma	2	163,996	682,000
Oregon	3	273,436	672,288
South Carolina	1	86,120	436,000
Tennessee	9	2,048,530	5,614,132
Texas	155	24,643,786	93,677,252
Utah	3	663,767	1,985,003
Virginia	9	2,504,937	6,774,973
Washington	4	474,718	1,750,000
Grand Total	392	71,537,177	273,655,541
Total Retail	312	54,254,681	196,112,470
Total Industrial	77	17,001,049	44,052,529
Total Unimproved Land			33,088,611

Total Other	3	281,447	401,931
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Total square footage includes 464,561 square feet of building area and 13,354,380 square feet of land leased from others.

Footnotes for detail property listing:

(1) Denotes property is held by a real estate joint venture or partnership; however, the building and land square feet figures include our partners' ownership interest in the property.

(2) Denotes property currently under development.

(3) Denotes properties that are not consolidated under generally accepted accounting principles.

NOTE: Square feet are reflective of area available to be leased. Certain listed properties may have additional square feet that are not owned by us.

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General. In 2010, no single property accounted for more than 4.0% of our total assets or 1.6% of revenues. The five largest properties, in the aggregate, represented approximately 7.5% of our revenues for the year ended December 31, 2010; otherwise, none of the remaining properties accounted for more than 1.2% of our revenues during the same period. As of December 31, 2010, the weighted average occupancy rate for all of our improved properties was 91.9% compared to 90.8% as of December 31, 2009. The average effective annual rental per square foot was approximately \$13.60 in 2010, \$13.31 in 2009, \$13.16 in 2008, \$12.57 in 2007 and \$12.12 in 2006 for retail properties and \$4.83 in 2010, \$4.90 in 2009, \$4.98 in 2008, \$4.86 in 2007 and \$4.91 in 2006 for industrial properties.

As of December 31, 2010, lease expirations for the next ten years, assuming tenants do not exercise renewal options, are as follows:

Year	Number of Expiring Leases	Square Feet of Expiring Leases (000's)	Percentage of Leaseable Square Feet	Annual Net Rent of Expiring Leases	
				Total (000's)	Per Square Foot
2011	902	4,252	8.22	\$ 52,722	\$ 12.40
2012	975	5,266	10.19	64,581	12.26
2013	999	6,065	11.73	68,724	11.33
2014	711	5,488	10.62	57,439	10.47
2015	703	4,898	9.47	56,065	11.45
2016	260	2,964	5.73	32,570	10.99
2017	121	1,637	3.17	20,524	12.54
2018	110	1,435	2.78	17,676	12.32
2019	80	1,263	2.44	15,779	12.49
2020	79	1,179	2.28	14,780	12.54

In the ordinary course of business, we have tenants who cease making payments under their leases or who file for bankruptcy protection. We are unable to predict or forecast the timing of store closings or unexpected vacancies. While we believe the effect of this will not have a material impact on our financial position, results of operations or liquidity due to the significant diversification of our tenant base, the uncertainty in the economy and commercial credit markets could result in a negative impact.

The majority of our properties are owned directly by us (subject in some cases to mortgages), although our interests in some properties are held indirectly through interests in real estate joint ventures or under long-term leases. In our opinion, our properties are well maintained and in good repair, suitable for their intended uses, and adequately covered by insurance.

We participate in 67 real estate joint ventures or partnerships that hold 147 of our properties. Our ownership interest ranges from 7.8% to 99%; we are normally the managing or operating partner and receive a fee for acting in this capacity.

We may use a DownREIT operating partnership structure in the acquisition of some real estate properties. In these transactions, a fair value purchase price is agreed upon between us, as general partner of the DownREIT, and the seller where the seller receives operating partnership units in exchange for some or all of its ownership interest in the property. Each operating partnership unit is the equivalent of one of our common shares of beneficial interest ("common shares"). These units generally allow our partners the right to put their limited partnership units' interest to us on or after the first anniversary of the entity's formation. We may acquire these limited partnership units for either cash or a fixed number of our common shares at our discretion.

Shopping Centers. At December 31, 2010, we owned or operated under long-term leases, either directly or through our interest in real estate joint ventures or partnerships, a total of 303 developed income-producing properties and nine properties under various stages of construction and development, which are located in 22 states spanning the country from coast to coast.

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Our shopping centers are primarily neighborhood and community shopping centers that typically range in size from 50,000 to 650,000 square feet of building area, as distinguished from large regional enclosed malls and small strip centers, which generally contain 5,000 to 25,000 square feet. None of the centers have climatized common areas, but are designed to allow retail customers to park their automobiles in close proximity to any retailer in the center. Our centers are customarily constructed of masonry, steel and glass, and all have lighted, paved parking areas, which are typically landscaped with berms, trees and shrubs. They are generally located at major intersections in close proximity to neighborhoods that have existing populations sufficient to support retail activities of the types conducted in our centers.

We have approximately 7,100 separate leases with 5,100 different tenants. Included among our top revenue-producing tenants are: The Kroger Co., T.J.X. Companies, Safeway, Ross Stores, H E Butt Grocery, Home Depot, Office Depot, PetSmart and Gap (primarily Old Navy stores). The diversity of our tenant base is also evidenced by the fact that our largest tenant accounted for only 3.0% of rental revenues during 2010.

Our shopping center leases have lease terms generally ranging from three to five years for tenant space under 5,000 square feet and from 10 to 25 years for tenant space over 10,000 square feet. Leases with primary lease terms in excess of 10 years, generally for anchor and out-parcels, frequently contain renewal options which allow the tenant to extend the term of the lease for one or more additional periods, with each of these periods generally being of a shorter duration than the primary lease term. The rental rates paid during a renewal period are generally based upon the rental rate for the primary term; sometimes adjusted for inflation, market conditions or an amount of the tenant's sales during the primary term.

Most of our leases provide for the monthly payment in advance of fixed minimum rentals, the tenants' pro rata share of real estate taxes, insurance (including fire and extended coverage, rent insurance and liability insurance) and common area maintenance for the center (based on estimates of the costs for these items). They also provide for the payment of additional rentals based on a percentage of the tenants' sales. Utilities are generally paid directly by tenants except where common metering exists with respect to a center. In this case we make payments for the utilities, and the tenants reimburse us on a monthly basis. Generally, our leases prohibit the tenant from assigning or subletting its space. They also require the tenant to use its space for the purpose designated in its lease agreement and to operate its business on a continuous basis. Some of the lease agreements with major tenants contain modifications of these basic provisions in view of the financial condition, stability or desirability of those tenants. Where a tenant is granted the right to assign its space, the lease agreement generally provides that the original lessee will remain liable for the payment of the lease obligations under that lease agreement.

During 2010, we acquired four retail shopping centers located one each in Arizona, Colorado, Florida and North Carolina for approximately \$75.3 million.

During 2010, we sold one shopping center located in Texas and a retail building at two operating properties located in Kansas and Kentucky. Gross sales proceeds from these dispositions totaled \$3.0 million and generated gains of \$.8 million.

During the first quarter of 2010, we contributed the final two properties to an unconsolidated joint venture for \$47.3 million, which included loan assumptions of \$28.1 million and the receipt of net proceeds totaling \$14.0 million.

Effective April 1, 2010, we assumed control of two 50%-owned unconsolidated real estate joint ventures related to a development project in Sheridan, Colorado that we had previously accounted for under the equity method. This transaction resulted in the consolidation of these joint ventures, which required us to revalue our investments to fair value, resulting in an impairment loss of \$15.8 million and an increase in net assets of \$87.6 million.

During 2010, we acquired a 67%-owned unconsolidated real estate joint venture interest in a retail shopping center located in Moreno Valley, California and a 58%-owned unconsolidated real estate joint venture interest in a retail shopping center located in Houston, Texas for approximately \$35.8 million. Also, two unconsolidated real estate joint ventures each sold a retail building located in California with aggregate gross sales proceeds totaling \$4.4 million.

We have a real estate limited partnership agreement with a foreign institutional investor to purchase up to \$280 million of retail properties in various states. Our ownership in this unconsolidated real estate limited partnership is 51%. To date, no properties had been purchased.

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Industrial Properties. At December 31, 2010, we owned, either directly or through our interest in real estate joint ventures or partnerships, 77 industrial projects and three other operating properties totaling approximately 17.3 million square feet of building area. Our industrial properties consist of bulk warehouse, business distribution and office-service center assets ranging in size from 9,000 to 727,000 square feet. Similar to our shopping centers, these properties are customarily constructed of masonry, steel and glass, and have lighted, concrete parking areas and are well landscaped. Some of the national and regional tenants in our industrial properties include Sears Logistics, Publix, Shell, Rooms to Go, Rooftop Systems Inc., Wells Fargo Bank, Fed Ex, Mazda, McGraw Hill and Iron Mountain. Our properties are located in Arizona, California, Florida, Georgia, Tennessee, Texas and Virginia.

During 2010, we acquired a distribution center and an industrial business park both located in Texas for approximately \$16.8 million. Also, we sold an unconsolidated real estate joint venture interest in a Texas property to our partner with gross sales proceeds totaling \$1.4 million, which generated a gain of \$1.3 million.

Land Held for Development. At December 31, 2010, we owned, either directly or through our interest in real estate joint ventures or partnerships, 42 parcels of unimproved land consisting of approximately 33.1 million square feet of land area located in Arizona, California, Colorado, Florida, Georgia, Louisiana, Nevada, North Carolina, Tennessee, Texas and Utah. These properties include approximately 3.5 million square feet of land adjacent to certain of our existing developed properties, which may be used for expansion of these developments, as well as approximately 29.6 million square feet of land, which may be used for new development. Almost all of the land held for development is served by roads and utilities and are suitable for development as shopping centers or industrial projects, and we intend to emphasize the development of these parcels for such purpose. We have approximately \$170.2 million in land held for development. Due to our analysis of current economic considerations, including the effects of tenant bankruptcies, credit availability to retailers, reduction of tenant expansion plans for new development projects, declines in real estate values and any changes to our plans related to our new development properties, including land held for development, we recorded an impairment charge of \$5.1 million related to land held for development for the year ended December 31, 2010.

New Development Properties. At December 31, 2010, we had nine properties in various stages of development. We have funded \$155.6 million to date on these projects, and we estimate our investment upon completion to be \$131.3 million, after consideration of anticipated land sales and tax incentive financing which is estimated to be \$19.1 million. The majority of these properties are slated to be completed over the next three years with an average projected return on investment of approximately 6.5% when completed.

Merchant Development. During 2010, we sold two land parcels each located in Texas with gross sales proceeds of \$10.6 million. Also, two unconsolidated real estate joint ventures each sold a land parcel located in Florida with gross sales proceeds totaling \$2.5 million.

ITEM 3. Legal Proceedings

We are involved in various matters of litigation arising in the normal course of business. While we are unable to predict with certainty the amounts involved, our management and legal counsel believe that when such litigation is resolved, our resulting liability, if any, will not have a material adverse effect on our consolidated financial statements.

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ITEM 4. Removed and Reserved

PART II

ITEM 5. Market for Registrant's Common Shares of Beneficial Interest, Related Shareholder Matters and Issuer Purchases of Equity Securities

Our common shares of beneficial interest ("common shares") are listed and traded on the New York Stock Exchange under the symbol "WRI." As of January 31, 2011, the number of holders of record of our common shares was 2,634. The closing high and low sale prices per common share as reported on the New York Stock Exchange, and dividends per share paid for the fiscal quarters indicated were as follows:

	High	Low	Dividends
2010:			
Fourth	\$25.92	\$21.92	\$.260
Third	22.70	18.34	.260
Second	23.93	18.71	.260
First	22.95	18.16	.260
2009:			
Fourth	\$20.86	\$18.19	\$.250
Third	22.29	13.29	.250
Second	16.58	9.18	.250
First	20.72	8.41	.525

The following table summarizes the equity compensation plans under which our common shares may be issued as of December 31, 2010:

Plan Category	Number of shares to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of shares remaining available for future issuance
Equity compensation plans approved by shareholders	4,614,272	\$ 27.62	2,766,273
Equity compensation plans not approved by shareholders			
Total	4,614,272	\$ 27.62	2,766,273

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Performance Graph

The graph below provides an indicator of cumulative total shareholder returns for us as compared with the S&P 500 Stock Index and the NAREIT All Equity Index, weighted by market value at each measurement point. The graph assumes that on December 31, 2005, \$100 was invested in our common shares and that all dividends were reinvested by the shareholder.

Comparison of Five Year Cumulative Return

	2006	2007	2008	2009	2010
Weingarten	127.49	91.18	65.35	68.72	86.66
S&P 500 Index	115.80	122.16	76.96	97.33	111.99
The NAREIT All Equity Index	135.06	113.87	70.91	90.76	116.12

There can be no assurance that our share performance will continue into the future with the same or similar trends depicted in the graph above. We do not make or endorse any predications as to future share performance.

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ITEM 6. Selected Financial Data

The following table sets forth our selected consolidated financial data and should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation," the Consolidated Financial Statements and accompanying Notes in "Item 8. Financial Statements and Supplementary Data" and the financial schedules included elsewhere in this Form 10-K.

	(Amounts in thousands, except per share amounts)				
	Year Ended December 31,				
	2010	2009	2008	2007	2006
Revenues (primarily real estate rentals)	\$554,667	\$571,988	\$592,647	\$561,099	\$501,265
Expenses:					
Depreciation and amortization	151,101	147,877	149,795	122,228	111,617
Other	228,983	234,517	262,380	190,912	163,920
Total	380,084	382,394	412,175	313,140	275,537
Operating Income	174,583	189,594	180,472	247,959	225,728
Interest Expense, net	(148,794)	(153,207)	(156,318)	(156,248)	(148,052)
Interest and Other Income, net	9,825	11,427	4,333	8,483	9,043
(Loss) Gain on Redemption of Convertible Senior Unsecured Notes	(135)	25,311	12,961		
Equity in Earnings of Real Estate Joint Ventures and Partnerships, net	12,889	5,548	12,196	19,853	14,655
Gain on Land and Merchant Development Sales		18,688	8,342	16,385	7,166
(Provision) Benefit for Income Taxes	(240)	(6,337)	10,220	(4,073)	(1,366)
Income from Continuing Operations	48,128	91,024	72,206	132,359	107,174
Income from Discontinued Operations (1)	630	58,986	80,391	103,893	178,573
Gain on Sale of Property	2,480	25,266	1,998	4,086	22,493
Net Income	\$51,238	\$175,276	\$154,595	\$240,338	\$308,240
Net Income Adjusted for Noncontrolling Interests	\$46,206	\$171,102	\$145,652	\$230,101	\$301,826
Net Income Attributable to Common Shareholders	\$10,730	\$135,626	\$109,091	\$204,726	\$291,725
Per Share Data - Basic:					
Income from Continuing Operations	\$0.08	\$0.70	\$0.34	\$1.18	\$1.29
Net Income	\$0.09	\$1.24	\$1.29	\$2.39	\$3.33
Weighted Average Number of Shares	119,935	109,546	84,474	85,504	87,719
Per Share Data - Diluted:					
Income from Continuing Operations	\$0.08	\$0.70	\$0.34	\$1.18	\$1.29
Net Income	\$0.09	\$1.23	\$1.28	\$2.35	\$3.24
Weighted Average Number of Shares	120,780	110,178	84,917	88,893	91,779
Property (at cost)	\$4,777,794	\$4,658,396	\$4,915,472	\$4,972,344	\$4,445,888
Total Assets	\$4,807,855	\$4,890,385	\$5,114,212	\$4,992,636	\$4,373,066
Debt, net	\$2,589,448	\$2,531,847	\$3,148,636	\$3,131,977	\$2,899,860

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Other Data:

Cash Flows from Operating Activities	\$214,625	\$244,316	\$220,150	\$223,309	\$242,592
Cash Flows from Investing Activities	\$(121,421)	\$191,872	\$(115,391)	\$(480,630)	\$(314,686)
Cash Flows from Financing Activities	\$(222,929)	\$(341,550)	\$(111,590)	\$252,095	\$100,407
Cash Dividends per Common Share	\$1.04	\$1.28	\$2.10	\$1.98	\$1.86
Funds from Operations: (2)					
Net Income Attributable to Common Shareholders	\$10,730	\$135,626	\$109,091	\$204,726	\$291,725
Depreciation and Amortization	163,478	162,644	162,035	141,150	131,792
Gain on Sale of Property	(3,068)	(81,010)	(70,068)	(86,076)	(172,056)
Total	\$171,140	\$217,260	\$201,058	\$259,800	\$251,461

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- (1) Generally accepted accounting principles (“GAAP”) requires the operating results and gain (loss) on the sale of operating properties to be reported as discontinued operations for all periods presented.
- (2) The National Association of Real Estate Investment Trusts (“NAREIT”) defines funds from operations (“FFO”) as net income (loss) attributable to common shareholders computed in accordance with GAAP, excluding gains or losses from sales of operating real estate assets and extraordinary items, plus depreciation and amortization of operating properties, including our share of unconsolidated real estate joint ventures and partnerships. We calculate FFO in a manner consistent with the NAREIT definition.

Management uses FFO as a supplemental measure to conduct and evaluate our business because there are certain limitations associated with using GAAP net income by itself as the primary measure of our operating performance. Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, management believes that the presentation of operating results for real estate companies that uses historical cost accounting is insufficient by itself. There can be no assurance that FFO presented by us is comparable to similarly titled measures of other REITs.

FFO should not be considered as an alternative to net income or other measurements under GAAP as an indicator of our operating performance or to cash flows from operating, investing or financing activities as a measure of liquidity. FFO does not reflect working capital changes, cash expenditures for capital improvements or principal payments on indebtedness.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operation

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto and the comparative summary of selected financial data appearing elsewhere in this report. Historical results and trends which might appear should not be taken as indicative of future operations. Our results of operations and financial condition, as reflected in the accompanying consolidated financial statements and related footnotes, are subject to management's evaluation and interpretation of business conditions, retailer performance, changing capital market conditions and other factors which could affect the ongoing viability of our tenants.

Executive Overview

Weingarten Realty Investors is a real estate investment trust (“REIT”) organized under the Texas Real Estate Investment Trust Act. Effective January 1, 2010, the Texas Real Estate Investment Trust Act was replaced by the Texas Business Organizations Code. We, and our predecessor entity, began the ownership and development of shopping centers and other commercial real estate in 1948. Our primary business is leasing space to tenants in the shopping and industrial centers we own or lease. We also manage centers for joint ventures in which we are partners or for other outside owners for which we charge fees.

We operate a portfolio of rental properties which includes neighborhood and community shopping centers and industrial properties of approximately 71.5 million square feet. We have a diversified tenant base with our largest tenant comprising only 3.0% of total rental revenues during 2010.

Our long-term strategy is to focus on increasing funds from operations (“FFO”) and shareholder value. We do this through hands-on leasing and management, selective redevelopment of the existing portfolio of properties, disciplined growth from strategic acquisitions and new developments and disposition of assets that no longer meet our ownership criteria. We do this while remaining committed to maintaining a conservatively leveraged balance sheet, a well-staggered debt maturity schedule and strong credit agency ratings.

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Currently, we are focusing our efforts on improvements to our operating fundamentals and increasing shareholder value. We have also positioned ourselves to take advantage of growth opportunities as the markets continue to improve. We have implemented a multifaceted approach to utilizing associates from leasing, acquisitions and new development to source these opportunities. We are also leveraging their efforts with the relationships we have in the brokerage, banking and institutional arenas. Competition for quality acquisition opportunities remains substantial; nevertheless, we have been successful in indentifying selected properties, which meet our return hurdles, and we will continue to actively evaluate other opportunities as they enter the market.

We strive to maintain a strong, conservative capital structure, which provides ready access to a variety of attractive capital sources. We carefully balance obtaining low cost financing with matching long-term liabilities with the acquired or developed long-term assets. While the availability of capital has improved over the past year, there can be no assurance that such pricing and availability will not deteriorate in the near future.

At December 31, 2010, we owned or operated under long-term leases, either directly or through our interest in real estate joint ventures or partnerships, a total of 383 developed income-producing properties and nine properties under various stages of construction and development. The total number of centers includes 312 neighborhood and community shopping centers, 77 industrial projects and three other operating properties located in 23 states spanning the country from coast to coast.

We also owned interests in 42 parcels of land held for development that totaled approximately 33.1 million square feet.

We had approximately 7,100 leases with 5,100 different tenants at December 31, 2010.

Leases for our properties range from less than a year for smaller spaces to over 25 years for larger tenants. Rental revenues generally include minimum lease payments, which often increase over the lease term, reimbursements of property operating expenses, including real estate taxes, and additional rent payments based on a percentage of the tenants' sales. The majority of our anchor tenants are supermarkets, value-oriented apparel/discount stores and other retailers or service providers who generally sell basic necessity-type goods and services. Through this challenging economic environment, we believe the stability of our anchor tenants, combined with convenient locations, attractive and well-maintained properties, high quality retailers and a strong tenant mix, should ensure the long-term success of our merchants and the viability of our portfolio.

In assessing the performance of our properties, management carefully tracks the occupancy of the portfolio. Occupancy for the total portfolio increased from 90.8% at December 31, 2009 to 91.9% at December 31, 2010. While we will continue to monitor the economy and the effects on our retailers, we believe the significant diversification of our portfolio, both geographically and by tenant base, and the quality of our portfolio will allow us to maintain occupancy levels at or above these levels as we move through 2011, absent bankruptcies by multiple national or regional tenants. The weakened economy contributed to a decrease in rental rates on a same-space basis as we completed new leases and renewed existing leases. We completed 1,523 new leases or renewals during 2010 totaling 7.2 million square feet; decreasing rental rates an average of 2.5% on a cash basis. While we have seen some strengthening on our renewal rates, new lease rates continue to be a challenge. Although we believe the gap in the new lease rate margins will not continue to widen, they are expected to remain a challenge through 2011.

New Development

At December 31, 2010, we had nine properties in various stages of development. We have funded \$155.6 million to date on these projects, and we estimate our investment upon completion to be \$131.3 million, after consideration of anticipated land sales and tax incentive financing which is estimated to be \$19.1 million. The majority of these properties are slated to be completed over the next three years with an average projected return on investment of

approximately 6.5% when completed.

We have approximately \$170.2 million in land held for development. Due to our analysis of current economic considerations, including the effects of tenant bankruptcies, credit availability to retailers, reduction of tenant expansion plans for new development projects, declines in real estate values and any changes to our plans related to our new development properties, including land held for development, we recorded an impairment charge of \$5.1 million in 2010. While we will continue to monitor this market closely, we anticipate minimal investment in land held for development or new projects during 2011.

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Acquisitions and Joint Ventures

Acquisitions are a key component of our long-term strategy. The availability of quality acquisition opportunities in the market remains sporadic. Competition for the highest quality core properties is intense which has in many cases driven pricing to pre-recession highs. We remain disciplined in approaching these opportunities, pursuing only those that provide appropriate risk-adjusted returns. The use of joint venture arrangements is key to our long-term strategy. Partnering with institutional investors through real estate joint ventures enables us to acquire high quality assets in our target markets while also meeting our financial return objectives. Under these arrangements, we benefit from access to lower-cost capital, as well as leveraging our expertise to provide fee-based services, such as acquisition, leasing, property management and asset management, to the joint ventures.

During 2010, we acquired four retail shopping centers and two industrial properties with two located in Texas and one each in Arizona, Colorado, Florida and North Carolina for approximately \$92.1 million. We anticipate to continue to acquire properties through 2011 that meet our strategic and pricing objectives.

During the first quarter of 2010, we contributed the final two properties to an unconsolidated real estate joint venture for \$47.3 million, which included loan assumptions of \$28.1 million and the receipt of net proceeds totaling \$14.0 million.

Effective April 1, 2010, we assumed control of two 50%-owned unconsolidated real estate joint ventures related to a development project in Sheridan, Colorado that we had previously accounted for under the equity method. This transaction resulted in the consolidation of these joint ventures, which required us to revalue our investments to fair value, resulting in an impairment loss of \$15.8 million and an increase in net assets of \$87.6 million.

Also, in 2010, we acquired a 67%-owned unconsolidated real estate joint venture interest in a retail shopping center located in Moreno Valley, California and a 58%-owned unconsolidated real estate joint venture interest in a retail shopping center located in Houston, Texas for approximately \$35.8 million.

We have a real estate limited partnership agreement with a foreign institutional investor to purchase up to \$280 million of retail properties in various states. Our ownership in this unconsolidated real estate limited partnership is 51%. To date, no properties had been purchased.

We continue to monitor our joint venture relationships and evaluate whether new or existing relationships could provide equity for new investments.

Joint venture and outside fee income for 2010 and 2009 was approximately \$7.0 million and \$6.3 million, respectively. This fee income is based upon revenues, net income and in some cases appraised property values. We expect to receive approximately the same amount of fees in 2011.

Dispositions

Dispositions are also a key component of our ongoing management process where we prune from our portfolio properties that no longer meet our geographic or growth targets. Dispositions provide capital, which may be recycled into properties that have high barrier-to-entry locations within high growth metropolitan markets, and thus have higher long-term growth potential. Over time, we expect this to produce a portfolio with higher occupancy rates and stronger internal revenue growth. With a continued return of debt financing available to prospective purchasers, we expect to continue to dispose of selected non-core properties throughout 2011 as opportunities present themselves.

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Summary of Critical Accounting Policies

Our discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and contingencies as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We evaluate our assumptions and estimates 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. We believe the following critical accounting policies require more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

Rental revenue is generally recognized on a straight-line basis over the term of the lease, which begins the date the leasehold improvements are substantially complete, if owned by us, or the date the tenant takes control of the space, if the leasehold improvements are owned by the tenant. Revenue from tenant reimbursements of real estate taxes, maintenance expenses and insurance is subject to our interpretation of lease provisions and is recognized in the period the related expense is recognized. Revenue based on a percentage of tenants' sales is recognized only after the tenant exceeds their sales breakpoint. In addition, in circumstances where we would provide a tenant improvement allowance for improvements that are owned by the tenant, we would recognize the allowance as a reduction of rental revenue on a straight-line basis over the term of the lease. Other revenue is income from contractual agreements with third parties, tenants or partially owned real estate joint ventures or partnerships, which is recognized as the related services are performed under the respective agreements.

Real Estate Joint Ventures and Partnerships

To determine the method of accounting for partially owned real estate joint ventures and partnerships, we apply the guidelines as set forth in GAAP. Entities identified as variable interest entities are consolidated if we are determined to be the primary beneficiary of the partially owned real estate joint venture or partnership.

Partially owned real estate joint ventures and partnerships over which we have a controlling financial interest are consolidated in our financial statements. In determining if we have a controlling financial interest, we consider factors such as ownership interest, authority to make decisions, kick-out rights and substantive participating rights. Management continually analyzes and assesses reconsideration events, including changes in these factors, to determine if the consolidation treatment remains appropriate. Partially owned real estate joint ventures and partnerships where we do not have a controlling financial interest, but have the ability to exercise significant influence, are accounted for using the equity method. Decisions regarding consolidation of partially owned entities frequently require significant judgment by our management. Errors in the assessment of consolidation could result in material changes to our consolidated financial statements.

Property

Real estate assets are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method, generally over estimated useful lives of 18-40 years for buildings and 10-20 years for parking lot surfacing and equipment. Major replacements where the betterment extends the useful life of the asset are capitalized, and the replaced asset and corresponding accumulated depreciation are removed from the accounts. All other maintenance and repair items are charged to expense as incurred. If we do not allocate these costs appropriately or incorrectly estimate the useful lives of our real estate, depreciation expense may be misstated.

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Acquisitions of properties are accounted for utilizing the acquisition method and, accordingly, the results of operations of an acquired property are included in our results of operations from the date of acquisition. Estimates of fair values are based upon future cash flows and other valuation techniques in accordance with our fair value measurements accounting policy, which are used to record the purchase price of acquired property among land, buildings on an "as if vacant" basis, tenant improvements, other identifiable intangibles and any goodwill or gain on purchase. Other identifiable intangible assets and liabilities include the effect of out-of-market leases, the value of having leases in place ("as is" versus "as if vacant" and absorption costs), out-of-market assumed mortgages and tenant relationships. Depreciation and amortization is computed using the straight-line method, generally over estimated useful lives of 40 years for buildings and over the lease term which includes bargain renewal options for other identifiable intangible assets. The impact of these estimates, including incorrect estimates in connection with acquisition values and estimated useful lives, could result in significant differences related to the purchased assets, liabilities and resulting depreciation or amortization. Effective 2009, acquisition costs are expensed as incurred.

Property also includes costs incurred in the development of new operating properties and properties in our merchant development program. Merchant development is a program in which we develop a project with the objective of selling all or part of it, instead of retaining it in our portfolio on a long-term basis. Also, disposition of land parcels and non-operating properties are included in this program. These properties are carried at cost, and no depreciation is recorded on these assets until rent commences or no later than one year from the completion of major construction. These costs include pre-acquisition costs directly identifiable with the specific project, development and construction costs, interest and real estate taxes. Indirect development costs, including salaries and benefits, travel and other related costs that are directly attributable to the development of the property, are also capitalized. The capitalization of such costs ceases at the earlier of one year from the completion of major construction or when the property, or any completed portion, becomes available for occupancy. The impact of the estimates related to the allocation of indirect costs and interest could result in incorrect estimates in connection with determining the asset value which could be material to our consolidated financial statements.

Property also includes costs for tenant improvements paid by us, including reimbursements to tenants for improvements that are owned by us and will remain our property after the lease expires.

Impairment

Our property is reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the property, including any capitalized costs and any identifiable intangible assets, may not be recoverable.

If such an event occurs, a comparison is made of the current and projected operating cash flows of each such property into the foreseeable future, with consideration of applicable holding periods, on an undiscounted basis to the carrying amount of such property. If we determine the carrying amount is not recoverable, our basis in the property is reduced to its estimated fair value to reflect impairment in the value of the asset. Fair values are determined by management utilizing cash flow models, market capitalization and discount rates, or by obtaining third-party broker or appraisal estimates in accordance with our fair value measurements accounting policy.

We review current economic considerations each reporting period, including the effects of tenant bankruptcies, the suspension of tenant expansion plans for new development projects, declines in real estate values and any changes to plans related to our new development projects including land held for development, to identify properties where we believe market values may be deteriorating. Determining whether a property is impaired and, if impaired, the amount of write-down to fair value requires a significant amount of judgment by management and is based on the best information available to management at the time of evaluation. The evaluations used in these analyses could result in incorrect estimates when determining carrying values that could be material to our consolidated financial statements.

Our investment in partially owned real estate joint ventures and partnerships is reviewed for impairment each reporting period. The ultimate realization is dependent on a number of factors, including the performance of each investment and market conditions. We will record an impairment charge if we determine that a decline in the value of an investment below its carrying amount is other than temporary. A considerable amount of judgment by our management is used in this evaluation. Our overall future plans for the investment, our investment partner's financial outlook and our views on current market and economic conditions may have a significant impact on the resulting factors analyzed for these purposes.

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Fair Value Measurements

Certain financial instruments, estimates and transactions are required to be calculated, reported and/or recorded at fair value. The estimated fair values of such financial items, including debt instruments, impairments, acquisitions, investment securities and derivatives, have been determined using a market-based measurement. This measurement is determined based on the assumptions that management believes market participants would use in pricing an asset or liability. As a basis for considering market participant assumptions in fair value measurements, GAAP establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, which is typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability. The assessed inputs used in determining any fair value measurements could result in incorrect valuations that could be material to our consolidated financial statements.

Sales of Real Estate

Sales of real estate include the sale of tracts of land within a shopping center development, property adjacent to shopping centers, shopping center properties, merchant development properties, investments in real estate joint ventures and partnerships and partial sales to real estate joint ventures and partnerships in which we participate.

Profits on sales of real estate, including merchant development sales are not recognized until (a) a sale is consummated; (b) the buyer's initial and continuing investments are adequate to demonstrate a commitment to pay; (c) the seller's receivable is not subject to future subordination; and (d) we have transferred to the buyer the usual risks and rewards of ownership in the transaction, and we do not have a substantial continuing involvement with the property. A considerable amount of judgment by our management is used in this evaluation.

We recognize gains on the sale of real estate to joint ventures and partnerships in which we participate to the extent we receive cash from the joint venture or partnership, if it meets the sales criteria in accordance with GAAP, and we do not have a commitment to support the operations of the real estate joint venture or partnership to an extent greater than our proportionate interest in the real estate joint venture or partnership.

Accrued Rent and Accounts Receivable

Receivable balances outstanding include base rents, tenant reimbursements and receivables attributable to the straight-lining of rental commitments. An allowance for the uncollectible portion of accrued rents and accounts receivable is determined based upon an analysis of balances outstanding, historical bad debt levels, tenant creditworthiness and current economic trends. Additionally, estimates of the expected recovery of pre-petition and post-petition claims with respect to tenants in bankruptcy are considered in assessing the collectability of the related receivables. As these factors change, the allowance is subject to revision and may impact our results of operations.

Income Taxes

We have elected to be treated as a REIT under the Internal Revenue Code of 1986, as amended. As a REIT, we generally will not be subject to corporate level federal income tax on taxable income we distribute to our shareholders. To be taxed as a REIT, we must meet a number of requirements including defined percentage tests concerning the amount of our assets and revenues that come from, or are attributable to, real estate operations. As long as we distribute at least 90% of the taxable income of the REIT (without regard to capital gains or the dividends paid deduction) to our shareholders as dividends, we will not be taxed on the portion of our income we distribute as dividends.

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The Tax Relief Extension Act of 1999 gave REITs the ability to conduct activities which a REIT was previously precluded from doing as long as such activities are performed in entities which have elected to be treated as taxable REIT subsidiaries under the IRS code. These activities include buying or developing properties with the express purpose of selling them. We conduct certain of these activities in taxable REIT subsidiaries that we have created. We calculate and record income taxes in our consolidated financial statements based on the activities in those entities. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between our carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. These are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance for deferred tax assets is established for those assets we do not consider the realization of such assets to be more likely than not. We use estimates in preparing our deferred tax amounts and if revised, these estimates could impact our results of operations.

Additionally, GAAP prescribes a recognition threshold and measurement attribute for the financial statement recognition of a tax position taken, or expected to be taken, in a tax return. A tax position may only be recognized in the financial statements if we believe it is more likely than not that the tax position will be sustained upon examination. This evaluation may involve a considerable amount of judgment.

Results of Operations

Comparison of the Year Ended December 31, 2010 to the Year Ended December 31, 2009

Revenues

Total revenues were \$554.7 million for the year ended 2010 versus \$572.0 million for the year ended 2009, a decrease of \$17.3 million or 3.0%. This decrease is attributable to decreases in net rental revenues and other income of \$13.3 million and \$4.0 million, respectively. The decrease in net rental revenues was primarily attributable to an aggregate \$17.9 million reduction from the sale of an 80% interest in six shopping centers. Offsetting this decline is rentals associated primarily with new development completions and the acquisition of six properties. The decrease in other revenues results primarily from a decline in lease cancellation revenue.

Occupancy (leased space) of the portfolio as compared to the prior year was as follows:

	December 31,			
	2010		2009	
Shopping Centers	93.0	%	91.8	%
Industrial	88.8	%	87.8	%
Total	91.9	%	90.8	%

Real Estate Taxes, net

Net real estate taxes for the year ended 2010 were \$64.9 million versus \$70.7 million for the year ended 2009, a decrease of \$5.8 million or 8.2%. The decrease resulted primarily from the sale of an 80% interest in six shopping centers and rate and valuation changes from the prior year.

Impairment Loss

The impairment loss in 2010 is attributable to a \$15.8 million loss associated with the requirement to record our equity interests in two previously unconsolidated real estate joint ventures (of which both are related to the same shopping center) at their estimated fair values in accounting for the consolidation of these joint ventures, a loss of \$12.3 million associated with tax increment revenue bonds and note and a \$5.2 million loss associated primarily with land held for

development. The 2009 impairment loss of \$35.0 million relates primarily to new development properties resulting from changes in economic conditions, our new development business plans and tenant expansion plans.

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Interest Expense, net

Net interest expense totaled \$149.0 million for 2010, down \$4.4 million or 2.9% from 2009. The components of net interest expense were as follows (in thousands):

	Year Ended December 31,	
	2010	2009
Gross interest expense	\$153,081	\$161,015
Amortization of convertible bond discount	2,191	4,969
Over-market mortgage adjustment of acquired properties	(3,073)	(4,061)
Capitalized interest	(3,405)	(8,716)
Total	\$148,794	\$153,207

Gross interest expense totaled \$153.1 million in 2010, down \$7.9 million or 4.9% from 2009. The decrease in gross interest expense was due primarily to the reduction in the average debt outstanding, resulting from the retirement of the convertible notes and other unsecured debt. In 2010, the weighted average debt outstanding was \$2.5 billion at a weighted effective interest rate of 6.2% as compared to \$2.8 billion of outstanding weighted average debt at a weighted effective interest rate of 5.8% in 2009. The decrease of \$2.8 million in the amortization of convertible bond discount relates to the retirement of the convertible notes. The decrease in over-market mortgage adjustment of acquired properties of \$1.0 million resulted primarily from the sale of an 80% interest in six shopping centers and loan payoffs that occurred in 2010 and 2009. Capitalized interest decreased \$5.3 million as a result of new development stabilizations, completions and the cessation of carrying costs capitalization on several new development projects transferred to land held for development.

Equity in Earnings of Real Estate Joint Ventures and Partnerships, net

The increase in net equity earnings of real estate joint ventures and partnerships of \$7.3 million or 132.3% is primarily attributable to impairment losses in 2009 of \$6.8 million associated with three new development properties with a minimal impairment loss recorded in 2010 associated with a single property.

(Loss) Gain on Redemption of Convertible Senior Unsecured Notes

The loss in 2010 of \$.1 million resulted from the purchase and cancellation of \$4.0 million of our 3.95% convertible senior unsecured notes at a premium to par value as compared to the gain of \$25.3 million from the purchase and cancellation of \$402.0 million of our 3.95% convertible senior unsecured notes at a discount to par value in 2009.

Gain on Land and Merchant Development Sales

The decrease in gain on land and merchant development sales of \$18.7 million is primarily attributable to the gains in 2009 that did not reoccur in 2010.

Provision for Income Taxes

The decrease in the income tax provision of \$6.1 million is attributable primarily to a \$5.0 million impairment valuation allowance provision in 2009 at our taxable REIT subsidiary.

Gain on Sale of Property

The decrease in gain on sale of property of \$22.8 million is attributable primarily to gains in 2009 from the sale of an 80% interest in four shopping centers and the disposition of 11 retail buildings at seven operating properties. There were no similar sales activities in 2010.

Comparison of the Year Ended December 31, 2009 to the Year Ended December 31, 2008

Revenues

Total revenues were \$572.0 million for the year ended 2009 versus \$592.6 million for the year ended 2008, a decrease of \$20.6 million or 3.5%. This decrease resulted from a decrease in net rental revenues of \$24.8 million, which is offset by an increase in other income of \$4.2 million.

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This decrease in net rental revenues resulted primarily from a decline in occupancy, a \$12.5 million decrease associated with the deconsolidation of four joint ventures as of December 31, 2008, and a reduction of \$3.3 million from the sale of an 80% interest in four shopping centers in October 2009. The increase in other income resulted primarily from an increase in lease cancellation income from various tenants.

Occupancy (leased space) of the portfolio as compared to the prior year was as follows:

	December 31,			
	2009		2008	
Shopping Centers	91.8	%	93.0	%
Industrial	87.8	%	91.6	%
Total	90.8	%	92.6	%

Expenses

Total expenses for 2009 were \$382.4 million versus \$412.2 million in 2008, a decrease of \$29.8 million or 7.2%. This decrease resulted primarily from the \$17.6 million decrease in impairment losses for certain new development properties based on current economic conditions, changes in our new development business plans, the suspension in tenant expansion plans and declines in real estate values and the \$10.5 million decrease in operating expenses. The decrease in operating expenses from the prior year resulted primarily from a reduction in pre-acquisition and pre-development cost write offs and a decline in costs as a result of damage associated with Hurricane Ike in 2008. Overall, direct operating costs and expenses (operating and net real estate taxes) of operating our properties as a percentage of rental revenues were 31.3% and 31.8% in 2009 and 2008, respectively.

Interest Expense, net

Net interest expense totaled \$153.2 million for 2009, down \$3.1 million or 2.0% from 2008. The components of net interest expense were as follows (in thousands):

	Year Ended December 31,	
	2009	2008
Gross interest expense	\$ 161,015	\$ 175,789
Amortization of convertible bond discount	4,969	8,521
Over-market mortgage adjustment of acquired properties	(4,061)	(7,702)
Capitalized interest	(8,716)	(20,290)
Total	\$ 153,207	\$ 156,318

Gross interest expense totaled \$161.0 million in 2009, down \$14.8 million or 8.4% from 2008. The decrease in gross interest expense was due primarily to the reduction in the average debt outstanding, resulting from the retirement of the convertible notes and other unsecured debt. In 2009, the weighted average debt outstanding was \$2.8 billion at a weighted effective interest rate of 5.8% as compared to \$3.2 billion of outstanding weighted average debt at a weighted effective interest rate of 5.5% in 2008. The decrease of \$3.6 million in the amortization of convertible bond discount relates to the retirement of the convertible notes. The decrease in over-market mortgage adjustment of acquired properties of \$3.6 million resulted primarily from loan payoffs in 2008. Capitalized interest decreased \$11.6 million as a result of new development stabilizations, completions and the cessation of carrying costs capitalization on several new development projects transferred to land held for development.

Interest and Other Income, net

Net interest and other income was \$11.4 million in 2009 versus \$4.3 million in 2008, an increase of \$7.1 million or 165.1%. This increase resulted primarily from the fair value increase of \$7.2 million in the assets held in a grantor trust related to our deferred compensation plan.

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Gain on Redemption of Convertible Senior Unsecured Notes

The gain in 2009 of \$25.3 million resulted from the purchase and cancellation of \$402.0 million of our 3.95% convertible senior unsecured notes at a discount to par value as compared to the \$13.0 million gain from the purchase and cancellation of \$37.8 million of our 3.95% convertible senior unsecured notes at a discount to par value in 2008.

Equity in Earnings of Real Estate Joint Ventures and Partnerships, net

The decrease in net equity in earnings of real estate joint ventures and partnerships of \$6.6 million or 54.5% is primarily attributable to an increase in our share of impairment losses totaling \$3.5 million with the remaining decrease resulting from a decline in income from our investments due to the cessation of carrying cost capitalization on several new development properties, a decline in occupancy, a note receivable write off and completions of new development and other capital activities.

Gain on Land and Merchant Development Sales

Gain on land and merchant development sales of \$18.7 million in 2009 resulted primarily from the gain on sale of a land parcel, the sale of an unconsolidated joint venture interest in a shopping center in Colorado and the sale of an industrial building. The gain on land and merchant development sales of \$8.3 million in 2008 resulted primarily from the sale of 24 land parcels plus the realization of a land parcel deferred gain totaling \$2.1 million.

(Provision) Benefit for Income Taxes

The increase in the tax provision of \$16.6 million is attributable primarily to our taxable REIT subsidiary. The benefit in 2008 associated with impairment losses and the write off of pre-development costs was greater compared to the activities in 2009. Also, in 2009 we recorded a valuation allowance of \$9.6 million associated with impairment losses and established a \$6.3 million deferred liability associated with book-tax basis differentials. The valuation allowance was established as the realization of these losses is dependent on generating sufficient taxable income in the years the related properties are sold.

Gain on Sale of Property

The increase in gain on sale of property of \$23.3 million is attributable primarily to the sale of an 80% interest in four shopping centers in October 2009 and the disposition of 11 retail buildings at seven operating properties during 2009.

Effects of Inflation

We have structured our leases in such a way as to remain largely unaffected should significant inflation occur. Most of the leases contain percentage rent provisions whereby we receive increased rentals based on the tenants' gross sales. Many leases provide for increasing minimum rentals during the terms of the leases through escalation provisions. In addition, many of our leases are for terms of less than 10 years, which allow us to adjust rental rates to changing market conditions when the leases expire. Most of our leases also require the tenants to pay their proportionate share of operating expenses and real estate taxes. As a result of these lease provisions, increases due to inflation, as well as real estate tax rate increases, generally do not have a significant adverse effect upon our operating results as they are absorbed by our tenants. Under the current economic climate, little to no inflation is occurring.

Capital Resources and Liquidity

Our primary liquidity needs are paying our common and preferred dividends, maintaining and operating our existing properties, paying our debt service costs, excluding debt maturities, and funding capital expenditures. Under our 2011 business plan cash flows from operating activities are expected to meet our planned capital needs.

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The primary sources of capital for funding any debt maturities and acquisitions are our revolving credit facility; proceeds from both secured and unsecured debt issuances; proceeds from common and preferred capital issuances; cash generated from the sale of property and the formation of joint ventures; and cash flow generated by our operating properties. Amounts outstanding under the revolving credit facility are retired as needed with proceeds from the issuance of long-term debt, common and preferred equity, cash generated from disposition of properties and cash flow generated by our operating properties. As of December 31, 2010, we had no amounts outstanding under our \$500 million revolving credit facility and \$80.0 million was outstanding under our \$99 million credit facility, which we use for cash management purposes. While we have more than adequate capacity under our \$500 million revolving credit facility to fund the \$343.5 million of 2011 debt maturities (including our 3.95% convertible senior unsecured notes), the capital markets are also available if we choose to issue unsecured debt. Although external market conditions are not within our control, we do not currently foresee any reasons that would prevent us from entering the capital markets.

During July 2010, we established a restricted cash collateral account of \$47.6 million as part of a settlement agreement in connection with a development project in Sheridan, Colorado, which was replaced with a \$46.3 million letter of credit in November 2010. In 2011, we plan to have this letter of credit released upon the remarketing of the underlying bonds. See “Contractual Obligations” for additional information.

Our most restrictive debt covenants including debt to assets, secured debt to assets, fixed charge and unencumbered interest coverage and debt yield ratios, limit the amount of additional leverage we can add; however, we believe the sources of capital described above are adequate to execute our business strategy and remain in compliance with our debt covenants.

We have non-recourse debt secured by acquired or developed properties held in several of our real estate joint ventures and partnerships. Off balance sheet mortgage debt for our unconsolidated real estate joint ventures and partnerships totaled \$552.6 million of which our ownership percentage is \$194.0 million at December 31, 2010. Scheduled principal mortgage payments on this debt, excluding non-cash related items, at 100% are as follows (in millions):

2011	\$43.3
2012	33.6
2013	55.3
2014	105.0
2015	40.5
Thereafter	272.8
Total	\$550.5

We hedge the future cash flows of certain debt transactions, as well as changes in the fair value of our debt instruments, principally through interest rate contracts with major financial institutions. We generally have the right to sell or otherwise dispose of our assets except in certain cases where we are required to obtain our joint venture partners’ consent or a third party consent for assets held in special purpose entities, which are 100% owned by us.

Investing Activities:

Acquisitions and Joint Ventures

Retail Properties.

During 2010, we contributed the final two properties to an unconsolidated real estate joint venture for \$47.3 million, which included loan assumptions of \$28.1 million and the receipt of net proceeds totaling \$14.0 million. We also acquired four retail shopping centers with one each in Arizona, Colorado, Florida and North Carolina for

approximately \$75.3 million.

Also, in 2010, we acquired a 67%-owned unconsolidated real estate joint venture interest in a retail shopping center located in California and a 58%-owned unconsolidated real estate joint venture interest in a retail shopping center located in Texas for approximately \$35.8 million.

Industrial Properties.

During 2010, we acquired a distribution center and an industrial business park both located in Texas for approximately \$16.8 million.

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Dispositions

Retail Properties.

During the 2010, we sold a shopping center located in Texas and a retail building at two operating properties located in Kansas and Kentucky. Gross sales proceeds from these dispositions totaled \$3.0 million and generated gains of \$.8 million. Also, two unconsolidated real estate joint ventures each sold a retail building located in California with aggregate gross sales proceeds totaling \$4.4 million.

Industrial Properties.

During 2010, we sold an unconsolidated real estate joint venture interest in a Texas property to our partner with gross sales proceeds totaling \$1.4 million, which generated a gain of \$1.3 million.

Land and Merchant Development.

During 2010, we sold two land parcels each located in Texas with gross sales proceeds of \$10.6 million. Also, two unconsolidated real estate joint ventures each sold a land parcel located in Florida with gross sales proceeds totaling \$2.5 million.

New Development and Capital Expenditures

At December 31, 2010, we had nine projects under construction with a total square footage of approximately 1.8 million. The majority of these properties are slated to be completed over the next three years, and we expect our investment in these properties upon completion to be \$131.3 million, net of proceeds from land sales and tax incentive financing of \$19.1 million.

Our new development projects are financed initially under our revolving credit facility, as it is our practice not to use third party construction financing. Management monitors amounts outstanding under our revolving credit facility and periodically pays down such balances using cash generated from both secured and unsecured debt issuances, from common and preferred share issuances and from dispositions of properties.

Capital expenditures for additions to the existing portfolio, acquisitions, new development and our share of investments in unconsolidated real estate joint ventures and partnerships totaled \$189.9 million in 2010, \$162.9 million in 2009 and \$437.7 million in 2008. We have entered into commitments aggregating \$53.1 million comprised principally of construction contracts which are generally due in 12 to 36 months.

Financing Activities:

Debt

Total debt outstanding was \$2.6 billion and \$2.5 billion at December 31, 2010 and 2009, respectively. Total debt at December 31, 2010 included \$2.3 billion on which interest rates are fixed and \$239.6 million, including the effect of \$120.4 million of interest rate contracts, which bears interest at variable rates. Additionally, debt totaling \$1.1 billion was secured by operating properties while the remaining \$1.5 billion was unsecured. During July 2010, we established a restricted cash collateral account of \$47.6 million as part of a settlement agreement in connection with a development project in Sheridan, Colorado, which was replaced with a \$46.3 million letter of credit in November 2010. In February 2010, we entered into an amended and restated \$500 million unsecured revolving credit facility. The \$500 million unsecured revolving credit facility expires in February 2013 and provides borrowing rates that float at a margin over LIBOR plus a facility fee. The borrowing margin and facility fee are priced off a grid that is tied to our senior unsecured credit ratings, which are currently 275.0 and 50.0 basis points, respectively. The facility also contains a competitive bid feature that will allow us to request bids for up to \$250 million. Additionally, an accordion feature allows us to increase the new facility amount up to \$700 million. During 2010, the maximum balance and weighted average balance outstanding under both facilities combined were \$80.0 million and \$12.2 million, respectively, at a weighted average interest rate of 1.8%. As of February 25, 2011, no amounts were

outstanding under this facility.

Effective May 2010, we entered into an agreement with a bank for an unsecured and uncommitted overnight facility totaling \$99 million that we intend to maintain for cash management purposes. The facility provides for fixed interest rate loans at a 30 day LIBOR rate plus a borrowing margin based on market liquidity. As of February 25, 2011, \$75.0 million was outstanding under this facility.

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The available balance under our revolving credit facility was \$448.7 million at February 25, 2011, which is net of \$51.3 million in outstanding letters of credit, and the available balance under our unsecured and uncommitted overnight facility was \$24.0 million at February 25, 2011.

Our five most restrictive covenants include debt to assets, secured debt to assets, fixed charge and unencumbered interest coverage and debt yield ratios. We believe we were in full compliance with all of our covenants as of December 31, 2010.

Our public debt covenant ratios as defined in our indenture agreement were as follows at December 31, 2010:

Covenant	Restriction	Actual
Debt to Asset Ratio	Less than 60.0%	45.9%
Secured Debt to Asset Ratio	Less than 40.0%	19.8%
Fixed Charge Ratio	Greater than 1.5	2.4
Unencumbered Asset Test	Greater than 100%	249.7%

In December 2009, we entered into 11 interest rate contracts with a total notional amount of \$302.6 million, which had various maturities through February 2014. These contracts were designated as fair value hedges, and we determined that they were highly effective in limiting our risk of changes in the fair value of fixed-rate notes attributable to changes in variable interest rates. In February 2010, we settled \$7 million of these interest rate contracts in conjunction with the repurchase of the related unsecured fixed-rate medium term notes, and a \$.02 million gain was realized. In November 2010, the remaining \$295.6 million of these interest rate contracts was settled for \$8.9 million including accrued interest whereby net debt was increased by \$8.2 million, and a gain of \$.1 million was realized. The increase in net debt is being amortized to net interest expense over the remaining life of the original underlying debt instruments.

In April 2010, we entered into two interest rate contracts with a total notional amount of \$71.3 million that mature in October 2017, which convert fixed interest payments at rates of 7.5% to variable interest payments. These contracts were designated as fair value hedges, and we have determined that they are highly effective in limiting our risk of changes in the fair value of fixed-rate notes attributable to changes in variable interest rates.

At December 31, 2010, we had four interest rate contracts with an aggregate notional amount of \$120.4 million that were designated as fair value hedges and convert fixed interest payments at rates ranging from 4.2% to 7.5% to variable interest payments ranging from .3% to 4.4%.

We also have two interest rate contracts with an aggregate notional amount of \$11.8 million that were designated as cash flow hedges and fix interest rates at 2.3% and 2.4% at December 31, 2010. We have determined that these contracts are highly effective in offsetting future variable interest cash flows.

We could be exposed to losses in the event of nonperformance by the counter-parties; however, management believes such nonperformance is unlikely.

Equity

Common and preferred dividends decreased to \$158.0 million in 2010 compared to \$168.6 million in 2009. The dividend rate for our common shares of beneficial interest (“common shares”) for each quarter of 2010 was \$.26. The quarterly dividend rate for our common shares was \$.525 for the first quarter of 2009 and \$.25 from the remaining quarters of 2009. Our dividend payout ratio (as calculated as dividends paid on common shares divided by FFO - basic) for 2010, 2009 and 2008 approximated 73.1%, 62.5% and 88.5%, respectively. These ratios are inclusive of the non-cash transactions including impairment charges and the (loss) gain on the redemption of the convertible senior unsecured notes in the respective periods. Subsequent to December 31, 2010, our Board of Trust Managers approved an increase to our quarterly dividend rate to \$.275 per share.

In May 2010, our shareholders approved an amendment to our declaration of trust increasing the number of our authorized common shares, \$0.03 par value per share, from 150.0 million to 275.0 million.

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In December 2008, we filed a universal shelf registration which is effective for three years. We will continue to closely monitor both the debt and equity markets and carefully consider our available financing alternatives, including both public and private placements.

Contractual Obligations

We have debt obligations related to our mortgage loans and unsecured debt, including any draws on our revolving credit facilities. We have shopping centers that are subject to non-cancelable long-term ground leases where a third party owns and has leased the underlying land to us to construct and/or operate a shopping center. In addition, we have non-cancelable operating leases pertaining to office space from which we conduct our business. The table below excludes obligations related to our new development projects because such amounts are not fixed or determinable. We have entered into commitments aggregating \$53.1 million comprised principally of construction contracts which are generally due in 12 to 36 months. The following table summarizes our primary contractual obligations as of December 31, 2010 (in thousands):

	2011	2012	2013	2014	2015	Thereafter	Total
Mortgages and Notes Payable: (1)							
Unsecured Debt	\$81,075	\$363,346	\$221,403	\$422,619	\$112,490	\$491,027 (2)	\$1,691,958
Secured Debt	151,373	185,084	218,846	206,822	187,187	506,019	1,455,331
Lease Payments	3,570	3,382	3,352	3,118	2,891	123,870	140,183
Other Obligations (3)	36,148	223					36,371
Total Contractual Obligations	\$272,166	\$552,035	\$443,601	\$632,559	\$302,568	\$1,120,916	\$3,323,843

(1) Includes principal and interest with interest on variable-rate debt calculated using rates at December 31, 2010, excluding the effect of interest rate swaps. Also, excludes a \$97.0 million debt service guaranty liability.

(2) Includes our 3.95% convertible senior unsecured notes that mature in 2026, which have a call/put option feature beginning in 2011.

(3) Other obligations include income and real estate tax payments, commitments associated with our secured debt, contributions to our retirement plan and other employee payments. Severance and change in control agreements have not been included as the amounts and payouts are not anticipated.

Related to our investment in a development project in Sheridan, Colorado we, our joint venture partner and the joint venture have each provided a guaranty for the payment of any debt service shortfalls on tax increment revenue bonds issued in connection with the project. The Sheridan Redevelopment Agency (“Agency”) issued \$97 million of Series A bonds used for an urban renewal project. The bonds are to be repaid with incremental sales and property taxes and a public improvement fee (“PIF”) to be assessed on current and future retail sales and, to the extent necessary, any amounts we may have to provide under a guaranty. The incremental taxes and PIF are to remain intact until the earlier of the bond liability has been paid in full or 2030 (unless such date is otherwise extended by the Agency).

In July 2009, we settled a lawsuit in connection with the above project. Among the obligations performed or to be performed by us under the terms of the settlement agreement was to cause the joint venture to purchase a portion of the bonds in the amount of \$51.3 million at par, plus accrued and unpaid interest to the date of such purchase. We

established a restricted cash collateral account of \$47.6 million in lieu of a back-to-back letter of credit previously supporting additional bonds totaling \$45.7 million. We replaced the restricted cash collateral account with a \$46.3 million letter of credit in November 2010.

Also, in connection with the Sheridan, Colorado joint venture and the issuance of the related Series A bonds, we, our joint venture partner and the joint venture have also provided a performance guaranty on behalf of the Agency for the satisfaction of all obligations arising from two interest rate contracts for the combined notional amount of \$97 million that matures in December 2029. We evaluated and determined that the fair value of the guaranty both at inception and December 31, 2010 was nominal.

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In conjunction with the Agency, we are currently working towards bond reissuance alternatives in which the incremental taxes and PIF would be extended an additional 10 years. If we move ahead with the reissuance plan, we would expect the outstanding senior and subordinate bonds to be recalled during the first half of 2011 and new senior and subordinate bonds to be reissued. This transaction could likely result in the receipt of approximately \$16 million in cash proceeds and \$57 million in new subordinated bonds replacing the face value of our \$51 million of senior bonds and \$22 million of subordinate bonds, which have been impaired by \$11.7 million at December 31, 2010. Furthermore, upon completion of this transaction, we anticipate having to record an additional loss on the new subordinate bonds in a range between \$16 million to \$18 million based on revised fair value estimates using current market factors and assumptions. This transaction is dependent on many factors including the Agency's ability to reissue the bonds which can not be assured.

We have evaluated the remaining outstanding guaranties and have determined that the fair value of these guaranties is nominal.

Off Balance Sheet Arrangements

As of December 31, 2010, none of our off balance sheet arrangements had a material effect on our liquidity or availability of, or requirement for, our capital resources. Letters of credit totaling \$52.4 million and \$7.2 million were outstanding under the revolving credit facility at December 31, 2010 and 2009, respectively.

We have entered into several unconsolidated real estate joint ventures and partnerships. Under many of these agreements, we and our joint venture partners are required to fund operating capital upon shortfalls in working capital. We have also committed to fund the capital requirements of several new development joint ventures. As operating manager of most of these entities, we have considered these funding requirements in our business plan.

Reconsideration events, including changes in variable interests, could cause us to consolidate these joint ventures and partnerships. We continuously evaluate these events as we become aware of them. Some triggers to be considered are additional contributions required by each partner and each partner's ability to make those contributions. Under certain of these circumstances, we may purchase our partner's interest. Our material unconsolidated real estate joint ventures are with entities which appear sufficiently stable; however, if market conditions were to continue to deteriorate and our partners are unable to meet their commitments, there is a possibility we may have to consolidate these entities. If we were to consolidate all of our unconsolidated real estate joint ventures, we would still be in compliance with our debt covenants.

An unconsolidated real estate joint venture was determined to be a variable interest entity ("VIE") through the issuance of a secured loan since the lender has the ability to make decisions that could have a significant impact on the success of the entity. In addition, we have another unconsolidated real estate joint venture with an interest in an entity which is deemed to be a VIE since the unconsolidated joint venture provided a guaranty on debt obtained from its investment in a joint venture. Our maximum risk of loss associated with these VIEs was limited to \$56.4 million at December 31, 2010.

We have a real estate limited partnership agreement with a foreign institutional investor to purchase up to \$280 million of retail properties in various states. Our ownership in this unconsolidated real estate limited partnership is 51%. To date, no properties had been purchased.

Funds from Operations

The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as net income (loss) attributable to common shareholders computed in accordance with GAAP, excluding gains or losses from sales of operating real

estate assets and extraordinary items, plus depreciation and amortization of operating properties, including our share of unconsolidated real estate joint ventures and partnerships. We calculate FFO in a manner consistent with the NAREIT definition.

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Management uses FFO as a supplemental measure to conduct and evaluate our business because there are certain limitations associated with using GAAP net income by itself as the primary measure of our operating performance. Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, management believes that the presentation of operating results for real estate companies that uses historical cost accounting is insufficient by itself. There can be no assurance that FFO presented by us is comparable to similarly titled measures of other REITs.

FFO should not be considered as an alternative to net income or other measurements under GAAP as an indicator of our operating performance or to cash flows from operating, investing or financing activities as a measure of liquidity. FFO does not reflect working capital changes, cash expenditures for capital improvements or principal payments on indebtedness.

FFO is calculated as follows (in thousands):

	Year Ended December 31,		
	2010	2009	2008
Net income attributable to common shareholders	\$ 10,730	\$ 135,626	\$ 109,091
Depreciation and amortization	143,393	144,211	150,137
Depreciation and amortization of unconsolidated real estate joint ventures and partnerships	20,085	18,433	11,898
Gain on sale of property	(3,069)	(81,006)	(70,066)
Loss (gain) on sale of property of unconsolidated real estate joint ventures and partnerships	1	(4)	(2)
Funds from operations - basic and diluted	\$ 171,140	\$ 217,260	\$ 201,058
Weighted average shares outstanding - basic	119,935	109,546	84,474
Effect of dilutive securities:			
Share options and awards	845	632	443
Weighted average shares outstanding - diluted	120,780	110,178	84,917

Newly Issued Accounting Pronouncements

In July 2010, the Financial Accounting Standards Board issued Accounting Standards Update No. 2010-20, "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses," which provides for additional disclosures about the credit quality of an entity's financing receivables, including loans and trade accounts receivables with contractual maturities exceeding one year and any related allowance for losses. The provisions of this update were effective for us at December 31, 2010, with the exception of disclosures related to activity occurring during a reporting period, which is effective for us in the first quarter of 2011. We do not expect the adoption of this update to materially impact our consolidated financial statements.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

We use fixed and floating-rate debt to finance our capital requirements. These transactions expose us to market risk related to changes in interest rates. Derivative financial instruments are used to manage a portion of this risk, primarily interest rate contracts with major financial institutions. These agreements expose us to credit risk in the event of non-performance by the counter-parties. We do not engage in the trading of derivative financial instruments in the normal course of business. At December 31, 2010, we had fixed-rate debt of \$2.3 billion and variable-rate debt

of \$239.6 million, after adjusting for the net effect of \$120.4 million notional amount of interest rate contracts. In the event interest rates were to increase 100 basis points and holding all other variables constant, annual net income and cash flows for the following year would decrease by approximately \$2.4 million associated with our variable-rate debt, including the effect of the interest rate contracts. The effect of the 100 basis points increase would decrease the fair value of our variable-rate and fixed-rate debt by approximately \$8.8 million and \$95.4 million, respectively.

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ITEM 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trust Managers and Shareholders of
Weingarten Realty Investors
Houston, Texas

We have audited the accompanying consolidated balance sheets of Weingarten Realty Investors and subsidiaries (the "Company") as of December 31, 2010 and 2009, and the related consolidated statements of income and comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2010. Our audits also included the financial statement schedules listed in the Index at Item 15. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Weingarten Realty Investors and subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2010, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2011 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/Deloitte & Touche LLP

Houston, Texas
March 1, 2011

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STATEMENTS OF CONSOLIDATED INCOME AND COMPREHENSIVE INCOME
(In thousands, except per share amounts)

	Year Ended December 31,		
	2010	2009	2008
Revenues:			
Rentals, net	\$540,754	\$554,014	\$578,859
Other	13,913	17,974	13,788
Total	554,667	571,988	592,647
Expenses:			
Depreciation and amortization	151,101	147,877	149,795
Operating	105,745	102,936	113,472
Real estate taxes, net	64,921	70,668	70,608
Impairment loss	33,317	34,983	52,539
General and administrative	25,000	25,930	25,761
Total	380,084	382,394	412,175
Operating Income	174,583	189,594	180,472
Interest Expense, net	(148,794)	(153,207)	(156,318)
Interest and Other Income, net	9,825	11,427	4,333
(Loss) Gain on Redemption of Convertible Senior Unsecured Notes	(135)	25,311	12,961
Equity in Earnings of Real Estate Joint Ventures and Partnerships, net	12,889	5,548	12,196
Gain on Land and Merchant Development Sales		18,688	8,342
(Provision) Benefit for Income Taxes	(240)	(6,337)	10,220
Income from Continuing Operations	48,128	91,024	72,206
Operating Income from Discontinued Operations	12	3,221	11,669
Gain on Sale of Property from Discontinued Operations	618	55,765	68,722
Income from Discontinued Operations	630	58,986	80,391
Gain on Sale of Property	2,480	25,266	1,998
Net Income	51,238	175,276	154,595
Less: Net Income Attributable to Noncontrolling Interests	(5,032)	(4,174)	(8,943)
Net Income Adjusted for Noncontrolling Interests	46,206	171,102	145,652
Dividends on Preferred Shares	(35,476)	(35,476)	(34,711)
Redemption Cost of Preferred Shares			(1,850)
Net Income Attributable to Common Shareholders	\$10,730	\$135,626	\$109,091
Earnings Per Common Share - Basic:			
Income from continuing operations attributable to common shareholders	\$0.08	\$0.70	\$0.34
Income from discontinued operations	0.01	0.54	0.95
Net income attributable to common shareholders	\$0.09	\$1.24	\$1.29
Earnings Per Common Share - Diluted:			
Income from continuing operations attributable to common shareholders	\$0.08	\$0.70	\$0.34
Income from discontinued operations	0.01	0.53	0.94
Net income attributable to common shareholders	\$0.09	\$1.23	\$1.28

Comprehensive Income:			
Net Income	\$51,238	\$175,276	\$154,595
Other Comprehensive Income (Loss):			
Loss on derivatives			(7,204)
Net unrealized gain on derivatives	123		
Amortization of loss on derivatives	2,566	2,481	2,095
Minimum pension liability adjustment	(505)	3,237	(9,092)
Total	2,184	5,718	(14,201)
Comprehensive Income	53,422	180,994	140,394
Comprehensive Income Attributable to Noncontrolling Interests	(5,032)	(4,174)	(8,943)
Comprehensive Income Adjusted for Noncontrolling Interests	\$48,390	\$176,820	\$131,451

See Notes to Consolidated Financial Statements.

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CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	December 31, 2010	December 31, 2009
ASSETS		
Property	\$4,777,794	\$4,658,396
Accumulated Depreciation	(971,249)	(856,281)
Property, net *	3,806,545	3,802,115
Investment in Real Estate Joint Ventures and Partnerships, net	347,526	315,248
Total	4,154,071	4,117,363
Notes Receivable from Real Estate Joint Ventures and Partnerships	184,788	317,838
Unamortized Debt and Lease Costs, net	116,437	103,396
Accrued Rent and Accounts Receivable (net of allowance for doubtful accounts of \$10,137 in 2010 and \$10,380 in 2009) *	95,859	96,372
Cash and Cash Equivalents *	23,859	153,584
Restricted Deposits and Mortgage Escrows	10,208	12,778
Other, net	222,633	89,054
Total	\$4,807,855	\$4,890,385
LIABILITIES AND EQUITY		
Debt, net *	\$2,589,448	\$2,531,847
Accounts Payable and Accrued Expenses	126,767	137,727
Other, net	111,383	114,155
Total	2,827,598	2,783,729
Commitments and Contingencies		
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: 275,000; shares issued and outstanding: 120,492 in 2010 and 120,098 in 2009	3,630	3,615
Accumulated Additional Paid-In Capital	1,969,905	1,958,975
Net Income Less Than Accumulated Dividends	(151,780)	(37,350)
Accumulated Other Comprehensive Loss	(21,774)	(23,958)
Shareholders' Equity	1,799,989	1,901,290
Noncontrolling Interests	180,268	205,366

Total Equity	1,980,257	2,106,656
Total	\$4,807,855	\$4,890,385
* Consolidated Variable Interest Entities' Assets and Liabilities included in the above balances (See Notes 2 and 3):		
Property, net	\$233,706	\$237,710
Accrued Rent and Accounts Receivable, net	9,514	9,515
Cash and Cash Equivalents	10,397	13,085
Debt, net	281,519	282,096

See Notes to Consolidated Financial Statements.

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STATEMENTS OF CONSOLIDATED CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2010	2009	2008
Cash Flows from Operating Activities:			
Net Income	\$51,238	\$175,276	\$154,595
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	151,107	151,888	157,894
Write-off of pre-development/acquisition costs			11,724
Amortization of deferred financing costs and debt discount	5,017	6,083	13,496
Impairment loss	33,317	38,836	52,539
Equity in earnings of real estate joint ventures and partnerships, net	(12,889)	(5,548)	(12,196)
Gain on land and merchant development sales		(18,688)	(8,342)
Gain on sale of property	(3,098)	(81,031)	(70,720)
Loss (gain) on redemption of convertible senior unsecured notes	135	(25,311)	(12,961)
Distributions of income from unconsolidated real estate joint ventures and partnerships	1,733	2,841	3,602
Changes in accrued rent and accounts receivable, net	(2,898)	(568)	(11,255)
Changes in other assets, net	(16,225)	(10,309)	(29,669)
Changes in accounts payable, accrued expenses and other liabilities, net	(3,875)	147	(36,397)
Other, net	11,063	10,700	7,840
Net cash provided by operating activities	214,625	244,316	220,150
Cash Flows from Investing Activities:			
Investment in property	(142,972)	(108,914)	(294,886)
Proceeds from sale and disposition of property, net	29,064	333,412	265,421
Change in restricted deposits and mortgage escrows	2,175	20,480	2,688
Notes receivable from real estate joint ventures and partnerships and other receivables:			
Advances	(9,145)	(100,800)	(150,064)
Collections	20,010	22,301	46,254
Real estate joint ventures and partnerships:			
Investments	(37,738)	(5,247)	(4,759)
Distributions of capital	15,663	30,640	19,955
Other, net	1,522		
Net cash (used in) provided by investing activities	(121,421)	191,872	(115,391)
Cash Flows from Financing Activities:			
Proceeds from issuance of:			
Debt	336	367,640	258,060
Common shares of beneficial interest, net	3,122	439,272	101,016
Preferred shares of beneficial interest, net			117,891
Repurchase of preferred shares of beneficial interest, net			(195,824)
Principal payments of debt	(139,722)	(578,390)	(296,902)

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Changes in unsecured revolving credit facilities	80,000	(383,000)	128,000
Common and preferred dividends paid	(158,012)	(168,583)	(213,569)
Debt issuance costs paid	(6,622)	(6,446)	(6,822)
Other, net	(2,031)	(12,043)	(3,440)
Net cash used in financing activities	(222,929)	(341,550)	(111,590)
Net (decrease) increase in cash and cash equivalents	(129,725)	94,638	(6,831)
Cash and cash equivalents at January 1	153,584	58,946	65,777
Cash and cash equivalents at December 31	\$23,859	\$153,584	\$58,946

See Notes to Consolidated Financial Statements.

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STATEMENTS OF CONSOLIDATED EQUITY

(In thousands, except per share amounts)

Year Ended December 31, 2010, 2009 and 2008

	Preferred Beneficial Interest	Common Beneficial Interest	Treasury Beneficial Interest	Accumulated Paid-In Capital	Net Income Less Than Accumulated Dividends	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
Balance, January 1, 2008	\$ 8	\$ 2,565	\$ (41)	\$ 1,485,496	\$ 31,639	\$ (15,475)	\$ 96,885	\$ 1,601,077
Net income					145,652		8,943	154,595
Issuance of Series F preferred shares	2			116,949	883			117,834
Redemption of Series G preferred shares	(2)			(193,548)	(1,850)			(195,400)
Shares issued in exchange for noncontrolling interests		1		1,093			(1,094)	-
Issuance of common shares		90		97,971				98,061
Shares issued under benefit plans		9		8,703				8,712
Dividends declared – common shares (1)					(177,975)			(177,975)
Dividends declared – preferred shares (2)					(35,594)			(35,594)
Sale of properties with noncontrolling interests							116,541	116,541
Treasury shares cancelled (3)		(41)	41					-
Purchase and cancellation of convertible senior unsecured notes				(3,926)				(3,926)
Distributions to noncontrolling interests							(9,962)	(9,962)
Contributions from noncontrolling interests							634	634
						(14,201)		(14,201)

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Other comprehensive loss								
Other, net	1			2,202			(7,916)	(5,713)
Balance, December 31, 2008	8	2,625	-	1,514,940	(37,245)	(29,676)	204,031	1,654,683
Net income					171,102		4,174	175,276
Shares issued in exchange for noncontrolling interests	15			14,236			(14,251)	-
Issuance of common shares	966			438,089				439,055
Shares issued under benefit plans	9			5,147				5,156
Dividends declared – common shares (1)					(135,731)			(135,731)
Dividends declared – preferred shares (4)					(32,852)			(32,852)
Sale of properties with noncontrolling interests							23,521	23,521
Distributions to noncontrolling interests							(16,368)	(16,368)
Contributions from noncontrolling interests							4,518	4,518
Purchase and cancellation of convertible senior unsecured notes				(16,110)				(16,110)
Other comprehensive income						5,718		5,718
Other, net				2,673	(2,624)		(259)	(210)
Balance, December 31, 2009	8	3,615	-	1,958,975	(37,350)	(23,958)	205,366	2,106,656
Net income					46,206		5,032	51,238
Shares issued in exchange for noncontrolling interests	1			745			(746)	-
Shares issued under benefit plans	14			8,005				8,019
Dividends declared – common shares (1)					(125,160)			(125,160)
Dividends declared – preferred shares (4)					(32,852)			(32,852)
Distributions to noncontrolling interests							(13,014)	(13,014)

Contributions from noncontrolling interests						2,686		2,686
Consolidation of joint ventures						(18,573)		(18,573)
Other comprehensive income						2,184		2,184
Other, net				2,180	(2,624)		(483)	(927)
Balance, December 31, 2010	\$ 8	\$ 3,630	\$ -	\$ 1,969,905	\$ (151,780)	\$ (21,774)	\$ 180,268	\$ 1,980,257

Common dividend per share was \$1.04, \$1.275 and \$2.10 for the year ended December 31, 2010, 2009 and 2008, (1) respectively.

Series D, E, F and G preferred dividend per share was \$50.63, \$173.75, \$162.50 and \$73.73, respectively, for the (2) year ended December 31, 2008.

A total of 1.4 million common shares of beneficial interest were purchased in 2007 and subsequently retired on (3) January 11, 2008.

Series D, E and F preferred dividend per share was \$50.63, \$173.75 and \$162.50 for the year ended December 31, (4) 2010 and 2009, respectively.

See Notes to Consolidated Financial Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Business

Weingarten Realty Investors is a real estate investment trust (“REIT”) organized under the Texas Real Estate Investment Trust Act. Effective January 1, 2010, the Texas Real Estate Investment Trust Act was replaced by the Texas Business Organizations Code. We, and our predecessor entity, began the ownership and development of shopping centers and other commercial real estate in 1948. Our primary business is leasing space to tenants in the shopping and industrial centers we own or lease. We also manage centers for joint ventures in which we are partners or for other outside owners for which we charge fees.

We operate a portfolio of properties that include neighborhood and community shopping centers and industrial properties of approximately 71.5 million square feet. We have a diversified tenant base with our largest tenant comprising only 3.0% of total rental revenues during 2010.

We currently operate, and intend to operate in the future, as a REIT.

Basis of Presentation

Our consolidated financial statements include the accounts of our subsidiaries, certain partially owned real estate joint ventures or partnerships and variable interest entities which meet the guidelines for consolidation. All intercompany balances and transactions have been eliminated.

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). Such statements require management to make estimates and assumptions that affect the reported amounts on our consolidated financial statements. Actual results could differ from these estimates.

Revenue Recognition

Rental revenue is generally recognized on a straight-line basis over the term of the lease, which begins the date the leasehold improvements are substantially complete, if owned by us, or the date the tenant takes control of the space, if the leasehold improvements are owned by the tenant. Revenue from tenant reimbursements of taxes, maintenance expenses and insurance is subject to our interpretation of lease provisions and is recognized in the period the related expense is recognized. Revenue based on a percentage of tenants' sales is recognized only after the tenant exceeds their sales breakpoint. In addition, in circumstances where we provide a tenant improvement allowance for improvements that are owned by the tenant, we recognize the allowance as a reduction of rental revenue on a straight-line basis over the term of the lease. Other revenue is income from contractual agreements with third parties, tenants or partially owned real estate joint ventures or partnerships, which is recognized as the related services are performed under the respective agreements.

Real Estate Joint Ventures and Partnerships

To determine the method of accounting for partially owned real estate joint ventures and partnerships, we apply the guidelines as set forth in GAAP. Entities identified as variable interest entities are consolidated if we are determined to be the primary beneficiary of the partially owned real estate joint venture or partnership.

Partially owned real estate joint ventures and partnerships over which we have a controlling financial interest are consolidated in our financial statements. In determining if we have a controlling financial interest, we consider factors such as ownership interest, authority to make decisions, kick-out rights and substantive participating rights. Management continually analyzes and assesses reconsideration events, including changes in these factors, to determine if the consolidation treatment remains appropriate. Partially owned real estate joint ventures and

partnerships where we do not have a controlling financial interest, but have the ability to exercise significant influence, are accounted for using the equity method.

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Property

Real estate assets are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method, generally over estimated useful lives of 18-40 years for buildings and 10-20 years for parking lot surfacing and equipment. Major replacements where the betterment extends the useful life of the asset are capitalized and the replaced asset and corresponding accumulated depreciation are removed from the accounts. All other maintenance and repair items are charged to expense as incurred.

Acquisitions of properties are accounted for utilizing the acquisition method and, accordingly, the results of operations of an acquired property are included in our results of operations from the date of acquisition. Estimates of fair values are based upon future cash flows and other valuation techniques in accordance with our fair value measurements accounting policy, which are used to record the purchase price of acquired property among land, buildings on an "as if vacant" basis, tenant improvements, other identifiable intangibles and any goodwill or gain on purchase. Other identifiable intangible assets and liabilities include the effect of out-of-market leases, the value of having leases in place ("as is" versus "as if vacant" and absorption costs), out-of-market assumed mortgages and tenant relationships. Depreciation and amortization is computed using the straight-line method, generally over estimated useful lives of 40 years for buildings and over the lease term which includes bargain renewal options for other identifiable intangible assets. Effective 2009, acquisition costs are expensed as incurred.

Property also includes costs incurred in the development of new operating properties and properties in our merchant development program. Merchant development is a program in which we develop a project with the objective of selling all or part of it, instead of retaining it in our portfolio on a long-term basis. Also, disposition of land parcels and non-operating properties are included in this program. These properties are carried at cost, and no depreciation is recorded on these assets until rent commences or no later than one year from the completion of major construction. These costs include preacquisition costs directly identifiable with the specific project, development and construction costs, interest and real estate taxes. Indirect development costs, including salaries and benefits, travel and other related costs that are directly attributable to the development of the property, are also capitalized. The capitalization of such costs ceases at the earlier of one year from the completion of major construction or when the property, or any completed portion, becomes available for occupancy.

Property also includes costs for tenant improvements paid by us, including reimbursements to tenants for improvements that are owned by us and will remain our property after the lease expires.

Some of our properties are held in single purpose entities. A single purpose entity is a legal entity typically established at the request of a lender solely for the purpose of owning a property or group of properties subject to a mortgage. There may be restrictions limiting the entity's ability to engage in an activity other than owning or operating the property, assuming or guaranteeing the debt of any other entity, or dissolving itself or declaring bankruptcy before the debt has been repaid. Most of our single purpose entities are 100% owned by us and are consolidated in our financial statements.

Impairment

Our property is reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the property, including any capitalized costs and any identifiable intangible assets, may not be recoverable.

If such an event occurs, a comparison is made of the current and projected operating cash flows of each such property into the foreseeable future, with consideration of applicable holding periods, on an undiscounted basis to the carrying amount of such property. If we determine the carrying amount is not recoverable, our basis in the property is reduced to its estimated fair value to reflect impairment in the value of the asset. Fair values are determined by management utilizing cash flow models, market capitalization rates and market discount rates, or by obtaining third-party broker or appraisal estimates in accordance with our fair value measurements accounting policy.

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We continuously review economic considerations at each reporting period, including the effects of tenant bankruptcies, the suspension of tenant expansion plans for new development projects, declines in real estate values, and any changes to plans related to our new development properties including land held for development, to identify properties where we believe market values may be deteriorating. Impairments, primarily related to land held for development, of \$5.2 million, \$38.8 million and \$52.5 million were recognized for the year ended December 31, 2010, 2009 and 2008, respectively. Determining whether a property is impaired and, if impaired, the amount of write-down to fair value requires a significant amount of judgment by management and is based on the best information available to management at the time of evaluation. If market conditions continue to deteriorate or management's plans for certain properties change, additional write-downs could be required in the future.

Our investment in partially owned real estate joint ventures and partnerships is reviewed for impairment each reporting period. The ultimate realization is dependent on a number of factors, including the performance of each investment and market conditions. We will record an impairment charge if we determine that a decline in the value of an investment below its carrying amount is other than temporary. For the year ended December 31, 2010, an impairment loss of \$15.8 million was recognized in connection with the revaluation of our 50% equity interest in a development project in Sheridan, Colorado, as a result of our assumption of control of the project as of April 1, 2010. See Note 4 for additional information. No impairment on these investments was recorded for the year ended December 31, 2009 and 2008. However, due to the current credit and real estate market conditions, there is no certainty that impairments would not occur in the future.

Our investments in tax increment revenue bonds, which were classified as held to maturity during 2010, are reviewed for impairment, if events or circumstances change indicating that the carrying amount of the investment may not be recoverable. Realization is dependent on a number of factors, including investment performance and market conditions. We will record an impairment charge if we determine that a decline in the value of the investment below its carrying amount is other than temporary, and it is uncertain if the investment will be held to maturity. For the year ended December 31, 2010, we recorded an \$11.7 million impairment associated with our investment in the subordinated tax increment revenue bonds (see Note 18 for further information). No such impairment was recorded for the year ended December 31, 2009 and 2008. On December 31, 2010, the tax increment revenue bonds have been classified as available for sale based on our anticipation that the bonds may be reissued during 2011.

Interest Capitalization

Interest is capitalized on land under development and buildings under construction based on rates applicable to borrowings outstanding during the period and the weighted average balance of qualified assets under development/construction during the period.

Fair Value Measurements

Certain financial instruments, estimates and transactions are required to be calculated, reported and/or recorded at fair value. The estimated fair values of such financial items, including debt instruments, impairments, acquisitions, investment securities and derivatives, have been determined using a market-based measurement. This measurement is determined based on the assumptions that management believes market participants would use in pricing an asset or liability. As a basis for considering market participant assumptions in fair value measurements, GAAP establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and

liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, which is typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability. The fair value of such financial instruments estimates and transactions was determined using available market information and appropriate valuation methodologies as prescribed by GAAP.

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Notes Receivable from Real Estate Joint Ventures and Partnerships

Notes receivable from real estate joint ventures and partnerships in which we have an ownership interest, primarily represent mortgage construction notes. We consider applying a reserve to a note receivable when it becomes apparent that conditions exist that may lead to our inability to fully collect on outstanding amounts due. Such conditions include delinquent or late payments on notes, deterioration in the ongoing relationship with the borrower and other relevant factors. When such conditions leading to expected losses exist, we would estimate a reserve by reviewing the borrower's ability to meet scheduled debt service, our partner's ability to make contributions and the fair value of the collateral.

Deferred Charges

Debt financing costs are amortized primarily on a straight-line basis, which approximates the effective interest method, over the terms of the debt. Lease costs represent the initial direct costs incurred in origination, negotiation and processing of a lease agreement. Such costs include outside broker commissions and other independent third party costs, as well as salaries and benefits, travel and other internal costs directly related to completing a lease and are amortized over the life of the lease on a straight-line basis. Costs related to supervision, administration, unsuccessful origination efforts and other activities not directly related to completed lease agreements are charged to expense as incurred.

Sales of Real Estate

Sales of real estate include the sale of tracts of land within a shopping center development, property adjacent to shopping centers, shopping center properties, merchant development properties, investments in real estate joint ventures and partnerships and partial sales to real estate joint ventures and partnerships in which we participate.

Profits on sales of real estate, including merchant development sales are not recognized until (a) a sale is consummated; (b) the buyer's initial and continuing investments are adequate to demonstrate a commitment to pay; (c) the seller's receivable is not subject to future subordination; and (d) we have transferred to the buyer the usual risks and rewards of ownership in the transaction, and we do not have a substantial continuing involvement with the property.

We recognize gains on the sale of real estate to joint ventures and partnerships in which we participate to the extent we receive cash from the joint venture or partnership, if it meets the sales criteria in accordance with GAAP and we do not have a commitment to support the operations of the real estate joint venture or partnership to an extent greater than our proportionate interest in the real estate joint venture or partnership.

Accrued Rent and Accounts Receivable, net

Receivable balances outstanding include base rents, tenant reimbursements and receivables attributable to the straight-lining of rental commitments. An allowance for the uncollectible portion of accrued rents and accounts receivable is determined based upon an analysis of balances outstanding, historical bad debt levels, tenant creditworthiness and current economic trends. Additionally, estimates of the expected recovery of pre-petition and post-petition claims with respect to tenants in bankruptcy are considered in assessing the collectibility of the related receivables. Management's estimate of the collectibility of accrued rents and accounts receivable is based on the best information available to management at the time of evaluation.

Restricted Deposits and Mortgage Escrows

Restricted deposits and mortgage escrows consist of escrow deposits held by lenders primarily for property taxes, insurance and replacement reserves and restricted cash that is held for a specific use or in a qualified escrow account for the purposes of completing like-kind exchange transactions. At December 31, 2010 and 2009, we had \$1.8 million and \$1.6 million of restricted cash, respectively, and \$8.4 million and \$11.1 million held in escrow related to our mortgages, respectively.

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Other Assets, net

Other assets include an asset related to the debt service guaranty (see Note 6 for further information), tax increment revenue bonds, investments held in grantor trusts, deferred tax assets, prepaid expenses, interest rate derivatives, the value of above-market leases and the related accumulated amortization and other miscellaneous receivables. Investments held in grantor trusts are adjusted to fair value at each period end with changes included in our Statements of Consolidated Income and Comprehensive Income. Above-market leases are amortized as adjustments to rental revenues over terms of the acquired leases. Other miscellaneous receivables have a reserve applied to the carrying amount when it becomes apparent that conditions exist that may lead to our inability to fully collect on outstanding amounts due. Such conditions include delinquent or late payments on receivables, deterioration in the ongoing relationship with the borrower and other relevant factors. We would apply a reserve when expected loss conditions exist by reviewing the borrower's ability to generate revenues to meet debt service requirements and the fair value of any collateral.

Per Share Data

Earnings per common share – basic is computed using net income attributable to common shareholders and the weighted average shares outstanding. Earnings per common share – diluted include the effect of potentially dilutive securities. Income from continuing operations attributable to common shareholders includes gain on sale of property in accordance with SEC guidelines. Earnings per common share – basic and diluted components for the periods indicated are as follows (in thousands):

	Year Ended December 31,		
	2010	2009	2008
Numerator:			
Net income attributable to common shareholders – basic and diluted	\$ 10,730	\$ 135,626	\$ 109,091
Denominator:			
Weighted average shares outstanding – basic	119,935	109,546	84,474
Effect of dilutive securities:			
Share options and awards	845	632	443
Weighted average shares outstanding – diluted	120,780	110,178	84,917

Options to purchase common shares of beneficial interest (“common shares”) of 3.5 million, 3.1 million and 2.4 million for the year ended December 31, 2010, 2009 and 2008, respectively, were not included in the calculation of net income per common share - diluted as the exercise prices were greater than the average market price for the year. For the year ended December 31, 2010, 2009 and 2008, 1.7 million, 2.0 million and 2.4 million, respectively, of operating partnership units were not included in the calculation of net income per common share – diluted because these units had an anti-dilutive effect.

Income Taxes

We have elected to be treated as a REIT under the Internal Revenue Code of 1986, as amended. As a REIT, we generally will not be subject to corporate level federal income tax on taxable income we distribute to our shareholders. To be taxed as a REIT, we must meet a number of requirements including defined percentage tests concerning the amount of our assets and revenues that come from, or are attributable to, real estate operations. As long as we distribute at least 90% of the taxable income of the REIT (without regard to capital gains or the dividends paid deduction) to our shareholders as dividends, we will not be taxed on the portion of our income we distribute as dividends unless we have ineligible transactions.

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The Tax Relief Extension Act of 1999 gave REITs the ability to conduct activities which a REIT was previously precluded from doing as long as such activities are performed in entities which have elected to be treated as taxable REIT subsidiaries under the IRS code. These activities include buying or developing properties with the express purpose of selling them. We conduct certain of these activities in taxable REIT subsidiaries that we have created. We calculate and record income taxes in our consolidated financial statements based on the activities in those entities. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between our carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. These are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance for deferred tax assets is established for those assets we do not consider the realization of such assets to be more likely than not.

Additionally, GAAP prescribes a recognition threshold and measurement attribute for the financial statement recognition of a tax position taken, or expected to be taken, in a tax return. A tax position may only be recognized in the financial statements if it is more likely than not that the tax position will be sustained upon examination. We believe it is more likely than not that our tax positions will be sustained in any tax examinations.

Cash and Cash Equivalents

All highly liquid investments with original maturities of three months or less are considered cash equivalents. Cash and cash equivalents are primarily held at major financial institutions in the United States. We had cash and cash equivalents in certain financial institutions in excess of federally insured levels. We have diversified our cash and cash equivalents amongst several banking institutions in an attempt to minimize exposure to any one of these entities. We believe we are not exposed to any significant credit risk and regularly monitor the financial stability of these financial institutions.

Cash Flow Information

We issued common shares valued at \$.7 million, \$14.3 million and \$2.3 million during 2010, 2009 and 2008, respectively, in exchange for interests in real estate joint ventures and partnerships, which had been formed to acquire properties. We also accrued \$6.9 million, \$10.7 million and \$25.8 million at December 31, 2010, 2009 and 2008, respectively, associated with the construction of property. Cash payments for interest on debt, net of amounts capitalized, of \$140.3 million, \$156.5 million and \$154.8 million were made during 2010, 2009 and 2008, respectively. Cash payments of \$2.1 million, \$3.1 million and \$5.1 million for income taxes were made during 2010, 2009 and 2008, respectively.

In connection with the sale of an 80% interest in two properties during 2010, we retained a 20% unconsolidated investment of \$9.8 million. In addition, this transaction resulted in the unconsolidated joint venture assuming debt totaling \$28.1 million.

Effective April 1, 2010, two previously unconsolidated joint ventures were consolidated within our consolidated financial statements. The resulting non-cash investing and financing activities were as follows (in thousands):

Increase in other assets	\$148,255
Decrease in notes receivable from real estate joint ventures and partnerships	123,912
Increase in debt, net	101,741
Increase in property, net	32,940
Decrease in other liabilities, net	21,858
Decrease in noncontrolling interests	18,573

Also, in April 2010, we acquired a partner's noncontrolling interests in a consolidated real estate joint venture that reduced equity by \$.9 million.

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In association with property acquisitions and investments in unconsolidated real estate joint ventures, the non-cash investing and financing activities were as follows (in thousands):

	Year Ended December 31,		
	2010	2009	2008
Increase in debt, net	\$ 27,302		
Increase (decrease) in investment in property	18,376		\$ (15,414)
Increase in real estate joint ventures and partnerships - investments			11,285
Increase in notes receivable from real estate joint ventures and partnerships and other receivables - advances			6,948
Increase in noncontrolling interests			634
Increase in restricted deposits and mortgage escrows	498		193
Increase in other, net	302		17

In connection with the sale of improved properties during 2009, we received notes receivable totaling \$0.2 million and a mortgage of \$9.1 million was assumed by the purchaser. In connection with the sale of an 80% interest in four properties, we retained a 20% unconsolidated investment of \$19.1 million. Also, our investment in real estate joint ventures and a non-cash contingent liability was reduced by \$41 million as result of the cash settlement associated with a lawsuit in 2009.

In connection with the sale of improved properties during 2008, we received notes receivable totaling \$6.0 million. Net assets and liabilities were reduced by \$68.3 million during 2008 from the reorganization of four joint ventures, which were previously consolidated. In addition, we recorded a \$41 million non-cash contingent liability as an increase to our investment in real estate joint ventures and partnerships and accrued \$8.5 million for property damages associated with Hurricane Ike.

Accumulated Other Comprehensive Loss

As of December 31, 2010, the balance in accumulated other comprehensive loss relating to derivatives and our retirement liability was \$11.7 million and \$10.1 million, respectively. As of December 31, 2009, the balance in accumulated other comprehensive loss relating to derivatives and our retirement liability was \$14.4 million and \$9.6 million, respectively.

Reclassifications

The reclassification of prior years' operating results for certain properties to discontinued operations was made to conform to the current year presentation. This reclassification had no impact on previously reported net income, earnings per share, the consolidated balance sheet or cash flows.

Note 2. Newly Issued Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2009-17 ("ASU 2009-17"), "Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities." ASU 2009-17 updated Accounting Standards Codification ("ASC") 810, "Consolidations" and was intended to improve an organization's variable interest entity reporting. It required a change in the analysis used to determine whether an entity has a controlling financial interest in a variable interest entity, including the identification of the primary beneficiary of a variable interest entity. The holder of the variable interest is defined as the primary beneficiary if it has both the power to direct the entity's significant economic activities and the obligation to absorb potentially significant losses or receive potentially significant benefits. ASU 2009-17 also requires additional disclosures about an entity's variable interest entities. The update was effective for us on January 1, 2010. Implementation of ASU

2009-17 did not impact our previous determinations of primary beneficiary status, but it resulted in additional disclosures included on the face of the Consolidated Balance Sheets and in Note 3.

In January 2010, the FASB issued Accounting Standards Update No. 2010-06, "Improving Disclosures about Fair Value Measurements," which provides for new disclosures, as well as clarification of existing disclosures on fair value measurements including employers' disclosures about postretirement benefit plan assets. The update was effective for us beginning January 1, 2010, and its adoption did not materially impact our consolidated financial statements.

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In July 2010, the FASB issued Accounting Standards Update No. 2010-20, "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses," which provides for additional disclosures about the credit quality of an entity's financing receivables, including loans and trade accounts receivables with contractual maturities exceeding one year and any related allowance for losses. The provisions of this update were effective for us at December 31, 2010, with the exception of disclosures related to activity occurring during a reporting period, which is effective for us in the first quarter of 2011. The adoption did not materially impact our consolidated financial statements nor do we anticipate the future adoption to materially impact our consolidated financial statements.

In December 2010, the FASB issued Accounting Standards Update No. 2010-29, "Disclosures of Supplementary Pro Forma Information for Business Combinations," which clarifies that an entity should disclose revenue and earnings of the combined entity as though the business combination occurred during the current year as of the beginning of the comparable prior annual reporting period only. The update also expands disclosures on the supplemental pro forma. The update is effective for us beginning January 1, 2011; however, early adoption is permitted. We adopted this update as of December 31, 2010, and its adoption resulted in the disclosures included in Note 4.

Note 3. Variable Interest Entities

Management determines whether an entity is a variable interest entity ("VIE") and, if so, determines which party is the primary beneficiary by analyzing if we have both the power to direct the entity's significant economic activities and the obligation to absorb potentially significant losses or receive potentially significant benefits. Significant judgments and assumptions inherent in this analysis include the design of the entity structure, the nature of the entity's operations, future cash flow projections, the entity's financing and capital structure, and contractual relationships and terms. We consolidate a VIE when we have determined that we are the primary beneficiary.

Risks associated with our involvement with our VIEs include primarily the potential of funding the VIE's debt obligations or making additional contributions to fund the VIE's operations.

Consolidated VIEs:

Two of our real estate joint ventures whose activities principally consist of owning and operating 30 neighborhood/community shopping centers, of which 22 are located in Texas, three in Georgia, two each in Tennessee and Florida and one in North Carolina, were determined to be VIEs. These VIEs have financing agreements that are guaranteed solely by us for tax planning purposes. We have determined that we are the primary beneficiary and have consolidated these joint ventures. Our maximum exposure to loss associated with these joint ventures is primarily limited to our guaranties of the debt, which were approximately \$157.4 million at December 31, 2010.

Assets held by our consolidated VIEs approximate \$280.3 million and \$291.6 million at December 31, 2010 and 2009, respectively. Of these assets, \$253.6 million and \$260.3 million at December 31, 2010 and 2009, respectively, are collateral for debt.

Restrictions on the use of these assets are significant because they are collateral for the VIEs' debt, and we would be required to obtain our partners' approval in accordance with the joint venture agreements on any major transactions. The impact of these transactions on our consolidated financial statements has been limited to changes in noncontrolling interests and reductions in debt from our partners' contributions. We and our partners are subject to the provisions of the joint venture agreements which include provisions for when additional contributions may be required including operating cash shortfalls and unplanned capital expenditures. We have not provided any additional support as of December 31, 2010.

Unconsolidated VIEs:

We also have unconsolidated real estate joint ventures which engage in operating or developing real estate that have been determined to be VIEs due to agreements entered into by the joint ventures. We were not determined to be the primary beneficiary of the VIEs.

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An unconsolidated real estate joint venture was determined to be a VIE through the issuance of a secured loan since the lender has the ability to make decisions that could have a significant impact on the success of the entity. In addition, we have another unconsolidated real estate joint venture with an interest in an entity which is deemed to be a VIE since the unconsolidated joint venture provided a guaranty on debt obtained from its investment in a joint venture. A summary of our unconsolidated VIEs is as follows (in thousands):

Period	Investment in Real Estate Joint Ventures and Partnerships, net (1)	Maximum Risk of Loss (2)
December 31, 2010	\$ 11,581	\$ 56,448
December 31, 2009	\$ 7,088	\$ 58,061

(1) The carrying amount of the investments represents our contributions to the real estate joint ventures net of any distributions made and our portion of the equity in earnings of the joint ventures.

(2) The maximum risk of loss has been determined to be limited to our debt exposure for each real estate joint venture.

We and our partners are subject to the provisions of the joint venture agreements that specify conditions, including operating shortfalls and unplanned capital expenditures, under which additional contributions may be required.

Note 4. Business Combinations

Effective April 1, 2010, we assumed control of two 50%-owned unconsolidated joint ventures (“Sheridan”) related to a development project in Sheridan, Colorado, which resulted in the consolidation of these joint ventures within our shopping center segment that had previously been accounted for under the equity method. Control was assumed through a modification of the joint venture agreements in which we assumed all management, voting and approval rights without transferring consideration to our joint venture partner. Each partner’s percentage interest in the joint ventures remained unchanged. Management has determined that these transactions qualified as business combinations to be accounted for under the acquisition method. Accordingly, the assets and liabilities of the joint ventures were recorded on our consolidated balance sheet at their estimated fair values as of April 1, 2010, with our partner’s share of the resulting net deficit included in noncontrolling interests. Fair value of assets acquired, liabilities assumed and equity interests was estimated using market-based measurements, including cash flow and other valuation techniques. The fair value measurement is based on both significant inputs for similar assets and liabilities in active markets and significant inputs that are not observable in the markets in accordance with our fair value measurements accounting policy. Key assumptions include third-party broker valuation estimates, discount rates ranging from 8% to 17%, a terminal cap rate for similar properties, and factors that we believe market participants would consider in estimating fair value. The results of the joint ventures are included in our Statements of Consolidated Income and Comprehensive Income beginning April 1, 2010.

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The following table summarizes the transactions related to the business combinations, including the assets acquired and liabilities assumed as of April 1, 2010 (in thousands):

Fair value of our equity interests before business combinations	\$(21,858)
Amounts recognized for assets and liabilities assumed:	
Assets:	
Property	\$32,940
Unamortized Debt and Lease Costs	5,182
Accrued Rent and Accounts Receivable	213
Cash and Cash Equivalents	1,522
Other, net (1)	151,464
Liabilities:	
Debt, net (2)	(101,741)
Accounts payable and accrued expenses	(647)
Other, net	(1,334)
Total Net Assets	\$87,599
Noncontrolling interests of the real estate joint ventures	\$(18,573)

(1) Includes primarily a \$97.0 million debt service guaranty asset, tax increment revenue bonds of \$51.3 million and intangible and other assets.

(2) Excludes the effect of \$123.9 million in intercompany debt that is eliminated upon consolidation.

The fair value measurements are subject to change until our information is finalized, which will be no later than twelve months from the business combination date.

We recognized an impairment loss of \$15.8 million as a result of revaluing our 50% equity interest held in the real estate joint ventures before the business combinations, which is reported as an impairment loss in the Statements of Consolidated Income and Comprehensive Income. For the year ended December 31, 2010, the impact of this consolidation increased revenues by \$1.6 million and decreased net income attributable to common shareholders by \$2.5 million.

The following table summarizes the pro forma impact of the real estate joint ventures as if Sheridan had been consolidated at January 1, 2009 as follows (in thousands, except per share amounts):

	Year Ended December 31,	
	Pro Forma 2010 (1)	Pro Forma 2009 (1)
Revenues	\$555,089	\$573,314
Net income	\$50,715	\$169,575
Net income attributable to common shareholders	\$10,522	\$135,249
Earnings per share - basic	\$.09	\$1.23
Earnings per share - diluted	\$.09	\$1.23

(1) There are no non-recurring pro forma adjustments included within or excluded from the amounts in the preceding table.

Note 5. Derivatives and Hedging

Our policy is to manage interest cost using a mixture of fixed-rate and variable-rate debt. To manage our interest rate risk, we occasionally hedge the future cash flows of our debt transactions, as well as changes in the fair value of our debt instruments, principally through interest rate contracts with major financial institutions. Interest rate contracts that meet specific criteria are accounted for as either assets or liabilities as a fair value or cash flow hedge.

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Cash Flow Hedges of Interest Rate Risk:

Our objective in using interest rate contracts is to add stability to interest expense and to manage our exposure to interest rate movements. To accomplish this objective, we primarily use interest rate contracts as part of our interest rate risk management strategy. Interest rate contracts designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for us making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive loss and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. At December 31, 2010, we had two active cash flow hedges as described below.

During 2010, two interest rate contracts were designated as cash flow hedges with an aggregate notional amount of \$11.8 million, which have maturities through September 2017, and fix interest rates at 2.3% and 2.4%. We have determined that these contracts are highly effective in offsetting future variable interest cash flows. As of December 31, 2010, the fair value of these derivatives was \$.09 million and \$.1 million and is included in net other assets and net other liabilities, respectively.

As of December 31, 2010 and 2009, the balance in accumulated other comprehensive loss relating to cash flow interest rate contracts was \$11.7 million and \$14.4 million, respectively, and will be reclassified to net interest expense as interest payments are made on our fixed-rate debt. Amounts reclassified from accumulated other comprehensive loss to net interest expense were \$2.6 million in 2010, \$2.5 million in 2009 and \$2.1 million in 2008. Within the next 12 months, approximately \$2.8 million of the balance in accumulated other comprehensive loss is expected to be amortized to net interest expense related to settled interest rate contracts.

Fair Value Hedges of Interest Rate Risk:

We are exposed to changes in the fair value of certain of our fixed-rate obligations due to changes in benchmark interest rates, such as LIBOR. We use interest rate contracts to manage our exposure to changes in fair value on these instruments attributable to changes in the benchmark interest rate. Interest rate contracts designated as fair value hedges involve the receipt of fixed-rate amounts from a counterparty in exchange for us making variable-rate payments over the life of the agreements without the exchange of the underlying notional amount. Changes in the fair value of interest rate contracts designated as fair value hedges, as well as changes in the fair value of the related debt being hedged, are recorded in earnings each reporting period.

In April 2010, we entered into two interest rate contracts with a total notional amount of \$71.3 million that mature in October 2017, which convert fixed interest payments at rates of 7.5% to variable interest payments. These contracts were designated as fair value hedges, and we have determined that they are highly effective in limiting our risk of changes in the fair value of fixed-rate notes attributable to changes in variable interest rates.

In December 2009, we entered into 11 interest rate contracts with a total notional amount of \$302.6 million, which had various maturities through February 2014. In February 2010, we settled \$7.0 million of these interest rate contracts in conjunction with the repurchase of the related unsecured fixed-rate medium term notes, and a \$.02 million gain was realized. In November 2010, the remaining \$295.6 million of these interest rate contracts was settled for \$8.9 million including accrued interest whereby net debt was increased by \$8.2 million, and a gain of \$.1 million was realized. The increase in net debt is being amortized to net interest expense over the remaining life of the original underlying debt instruments.

As of December 31, 2010, we had four interest rate contracts with an aggregate notional amount of \$120.4 million that were designated as fair value hedges and convert fixed interest payments at rates from 4.2% to 7.5% to variable

interest payments ranging from .3% to 4.4%. As of December 31, 2009, we had 13 interest rate contracts with an aggregate notional amount of \$352.6 million, of which \$352.6 million is designated as fair value hedges that convert fixed interest payments at rates ranging from 4.2% to 7.5% to variable interest payments ranging from .3% to 6.1%. We have determined that our fair value hedges are highly effective in limiting our risk of changes in the fair value of fixed-rate notes attributable to changes in interest rates.

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For the year ended December 31, 2010, 2009 and 2008, we recognized a net reduction in interest expense of \$6.7 million, \$2.1 million and \$.8 million, respectively, related to our fair value hedges, which includes net settlements and any amortization adjustment of the basis in the hedged item. Also, for the year ended December 31, 2010, we recognized a gain of \$1.0 million associated with hedge ineffectiveness with no such activity present in 2009 or 2008.

A summary of the changes in fair value of our interest rate contracts is as follows (in thousands):

	Gain (Loss) on Contracts	Gain (Loss) on Borrowings	Gain (Loss) Recognized in Income
Year Ended December 31, 2010:			
Interest expense, net	\$ 17,511	\$ (16,547)	\$ 964
Year Ended December 31, 2009:			
Interest expense, net	\$ (6,659)	\$ 6,659	
Year Ended December 31, 2008:			
Interest expense, net	\$ 4,987	\$ (4,987)	

Non-designated Hedges:

Derivatives not designated as hedges are not speculative and are used to manage our exposure to interest rate movements and other identified risks, but do not meet hedge accounting requirements. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings. As of December 31, 2010 and 2009, we did not have any derivatives that were designated as hedges.

During the first quarter of 2010, the initial hedging relationship was terminated on three of our interest rate contracts with a total notional amount of \$97.6 million. We simultaneously re-designated \$90.0 million as fair value hedges. These hedges were terminated in November 2010 (see Fair Value Hedges of Interest Rate Risk above for additional details). The changes in the fair value of the undesignated portion of the interest rate contract was recorded directly to earnings and increased net interest expense by \$.05 million during 2010.

Effective April 1, 2010, we assumed control of a previously unconsolidated real estate joint venture that had an interest rate contract, which sets interest rates at 2.45% on an aggregate notional amount of \$5.2 million and expires in December 2015. Prior to consolidation, the interest rate contract was designated as a cash flow hedge; however, upon consolidation, the original hedging relationship could not continue, thus in June 2010 we recognized a loss of \$.2 million associated with hedge ineffectiveness. In July 2010, we re-designated this interest rate contract as a cash flow hedge (see Cash Flow Hedges of Interest Rate Risk above).

On March 20, 2008, a cash flow hedge was terminated through the issuance of \$154.3 million of fixed-rate long-term debt issued by a consolidated joint venture. A loss of \$12.8 million was recorded in accumulated other comprehensive loss based on the fair value of the interest rate swap contracts on that date. On March 27, 2008, the interest rate swap contracts were settled resulting in a loss of \$10.0 million. For the period between the termination of the cash flow hedge and the settlement of the swap contracts, a gain of \$2.8 million was recognized as a reduction of net interest expense.

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The interest rate contracts at December 31, 2010 and 2009 were reported at their fair values as follows (in thousands):

Period	Assets		Liabilities	
	Balance Sheet Location	Amount	Balance Sheet Location	Amount
Designated Hedges:				
December 31, 2010	Other Assets, net	\$ 7,192	Other Liabilities, net	\$ 108
December 31, 2009	Other Assets, net	\$ 2,601	Other Liabilities, net	\$ 4,634

A summary of our derivatives is as follows (in thousands):

Derivatives Hedging Relationships	Amount of Gain (Loss) Recognized in Other Comprehensive Income on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from Other Comprehensive Loss into Income	Amount of Gain (Loss) Reclassified from Other Comprehensive Loss into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income on Derivative	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)
							Amount
Year Ended December 31, 2010:							
Cash Flow Interest Rate Contracts	\$ (96)	Interest expense, net	\$ (2,566)			Interest expense, net	\$ (27)
Fair Value Interest Rate Contracts				Interest expense, net	\$ 24,483	Interest expense, net	\$ 964
Year Ended December 31, 2009:							
Cash Flow Interest Rate Contracts		Interest expense, net	\$ (2,481)				
Fair Value Interest Rate Contracts				Interest expense, net	\$ (4,528)		

Year Ended
December 31,
2008:

Cash Flow

Interest Rate Contracts	I n t e r e s t expense, net	\$ (2,095)
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Fair Value

Interest Rate Contracts	I n t e r e s t expense, net	\$ 5,819
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Note 6. Debt

Our debt consists of the following (in thousands):

	December 31, 2010	December 31, 2009
Debt payable to 2038 at 2.9% to 8.8%	\$2,389,532	\$2,506,069
Debt service guaranty liability	97,000	
Unsecured notes payable under revolving credit facilities	80,000	
Obligations under capital leases	21,000	23,115
Industrial revenue bonds payable to 2015 at 2.4%	1,916	2,663
Total	\$2,589,448	\$2,531,847

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The grouping of total debt between fixed and variable-rate as well as between secured and unsecured is summarized below (in thousands):

	December 31, 2010	December 31, 2009
As to interest rate (including the effects of interest rate contracts):		
Fixed-rate debt	\$2,349,802	\$2,146,133
Variable-rate debt	239,646	385,714
Total	\$2,589,448	\$2,531,847
As to collateralization:		
Unsecured debt	\$1,450,148	\$1,306,802
Secured debt	1,139,300	1,225,045
Total	\$2,589,448	\$2,531,847

Effective February 11, 2010, we entered into an amended and restated \$500 million unsecured revolving credit facility. The facility expires in February 2013 and provides borrowing rates that float at a margin over LIBOR plus a facility fee. The borrowing margin and facility fee are priced off a grid that is tied to our senior unsecured credit ratings, which are currently 275.0 and 50.0 basis points, respectively. The facility also contains a competitive bid feature that will allow us to request bids for up to \$250 million. Additionally, an accordion feature allows us to increase the new facility amount up to \$700 million.

Effective May 2010, we entered into an agreement with a bank for an unsecured and uncommitted overnight facility totaling \$99 million that we intend to maintain for cash management purposes. The facility provides for fixed interest rate loans at a 30 day LIBOR rate plus a borrowing margin based on market liquidity. Any amounts outstanding under this facility reduce the availability of our revolving credit facility.

At December 31, 2010 and 2009, no amounts under our revolving credit facility were outstanding. Letters of credit totaling \$52.4 million and \$7.2 million were outstanding under the revolving credit facility at December 31, 2010 and 2009, respectively. The balance outstanding under our unsecured and uncommitted overnight facility was \$80.0 million at a variable interest rate of 1.8% at December 31, 2010. The available balance under our revolving credit facility was \$447.6 million and \$567.8 million at December 31, 2010 and 2009, respectively. During 2010, the maximum balance and weighted average balance outstanding under both facilities combined were \$80.0 million and \$12.2 million, respectively, at a weighted average interest rate of 1.8%. During 2009, the maximum balance and weighted average balance outstanding under the facility was \$423.0 million and \$168.7 million, respectively, at a weighted average interest rate of 1.5%.

We had a \$575 million unsecured revolving credit facility held by a syndicate of banks, which was amended and restated in February 2010 as discussed above. Borrowing rates floated at a margin over LIBOR, plus a facility fee. The borrowing margin and facility fee were priced off a grid that was tied to our senior unsecured credit ratings, which were 50.0 and 15.0 basis points.

Effective April 1, 2010, we consolidated a real estate joint venture which includes our investment in a development project in Sheridan, Colorado. We, our joint venture partner and the joint venture have each provided a guaranty for the payment of any debt service shortfalls until a coverage rate of 1.4 is met on tax increment revenue bonds issued in

connection with the project. The bonds are to be repaid with incremental sales and property taxes and a public improvement fee (“PIF”) to be assessed on current and future retail sales and, to the extent necessary, any amounts we may have to provide under a guaranty. The incremental taxes and PIF are to remain intact until the earlier of the bond liability has been paid in full or 2030 (unless such date is otherwise extended by the Sheridan Redevelopment Agency). Therefore, a debt service guaranty liability of \$97.0 million was recorded by the joint venture equal to the fair value of the amounts funded under the bonds.

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At December 31, 2010 and 2009, respectively, we had \$129.9 million and \$135.2 million face value of 3.95% convertible senior unsecured notes outstanding due 2026. These bonds are recorded at a discount of \$1.3 million and \$3.4 million as of December 31, 2010 and 2009, respectively, which will be amortized through 2011 resulting in an effective interest rate for both periods of 5.75%. Interest is payable semi-annually in arrears on February 1 and August 1 of each year. The debentures are convertible under certain circumstances for our common shares at an initial conversion rate of 20.3770 common shares per \$1,000 of principal amount of debentures (an initial conversion price of \$49.075). In addition, the conversion rate may be adjusted if certain change in control transactions or other specified events occur on or prior to August 4, 2011. Upon the conversion of debentures, we will deliver cash for the principal return, as defined, and cash or common shares, at our option, for the excess of the conversion value, as defined, over the principal return. The debentures are redeemable for cash at our option beginning in 2011 for the principal amount plus accrued and unpaid interest. Holders of the debentures have the right to require us to repurchase their debentures for cash equal to the principal of the debentures plus accrued and unpaid interest in 2011, 2016 and 2021 and in the event of a change in control. Net interest expense associated with this debt for the year ended December 31, 2010, 2009 and 2008, totaled \$8.0 million, \$19.5 million and \$33.3 million, respectively, which includes the amortization of the discount totaling \$2.2 million, \$5.0 million and \$8.5 million, respectively. The carrying value of the equity component as of both December 31, 2010 and 2009 was \$23.4 million.

In October 2009, we entered into a \$26.6 million secured loan from a bank. The loan is for a four year term with a one year extension option at a floating interest rate of 375 basis points over LIBOR with a 1.50% LIBOR floor. This loan is collateralized by two properties.

In August 2009, we sold \$100 million of unsecured senior notes with a coupon of 8.1% which will mature September 15, 2019. We may redeem the notes, in whole or in part, on or after September 15, 2014, at our option, at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest. The net proceeds of \$97.5 million were used to reduce amounts outstanding under our revolving credit facility.

In July 2009, we entered into a \$70.8 million secured loan from a life insurance company. The loan is for seven years at a fixed interest rate of 7.4% and is collateralized by five properties. In September 2009, we entered into a \$57.5 million secured loan from a life insurance company. The loan is for 10 years at a fixed interest rate of 7.0% and is collateralized by 10 properties. The net proceeds received from both transactions were used to reduce amounts outstanding under our revolving credit facility.

In May 2009, we entered into a \$103 million secured loan from a life insurance company. The loan is for approximately 8.5 years at a fixed interest rate of 7.49% and is collateralized by four properties. The net proceeds received were invested in short-term investments and subsequently used to settle the June tender offer discussed below.

In the second quarter of 2009, we repurchased and retired \$82.3 million face value of our 3.95% convertible senior unsecured notes for \$70.4 million, including accrued interest. Also in 2009, we completed a cash tender offer for \$422.6 million face value on a series of unsecured notes and our convertible senior unsecured notes. We purchased at par \$20.6 million of unsecured fixed-rate medium term notes, with a weighted average interest rate of 7.54% and a weighted average maturity of 1.6 years, and \$82.3 million of 7% senior unsecured notes due in 2011. In addition, we purchased \$319.7 million face value of our 3.95% convertible senior unsecured notes for \$311.1 million, including accrued interest and expenses. During the year ended December 31, 2009, the repurchases of our 3.95% convertible senior unsecured notes resulted in gains of \$25.3 million.

Various leases and properties, and current and future rentals from those lease and properties, collateralize certain debt. At December 31, 2010 and 2009, the carrying value of such property aggregated \$1.8 billion and \$2.0 billion, respectively.

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Scheduled principal payments on our debt (excluding \$80.0 million due under our revolving credit facilities, \$21.0 million of certain capital leases, \$7.1 million fair value of interest rate contracts, \$3.9 million net premium/(discount) on debt, \$12.3 million of non-cash debt-related items, and \$97.0 million debt service guaranty liability) are due during the following years (in thousands):

2011	\$212,264
2012	307,598
2013	440,829
2014	387,547
2015	248,404
2016	209,209
2017	142,088
2018	64,411
2019	153,747
2020	3,772
Thereafter (1)	198,177
Total	\$2,368,046

(1)Includes \$131.3 million of our 3.95% convertible senior unsecured notes outstanding due 2026; which have a call/put option feature beginning in 2011.

Our various debt agreements contain restrictive covenants, including minimum interest and fixed charge coverage ratios, minimum unencumbered interest coverage ratios, minimum net worth requirements and maximum total debt levels. We believe we were in compliance with all restrictive covenants as of December 31, 2010.

Note 7. Preferred Shares

We issued \$150 million and \$200 million of depositary shares on June 6, 2008 and January 30, 2007, respectively. Each depositary share represents one-hundredth of a Series F Cumulative Redeemable Preferred Share. The depositary shares are redeemable, in whole or in part, on or after January 30, 2012 at our option, at a redemption price of \$25 per depositary share, plus any accrued and unpaid dividends thereon. The depositary shares are not convertible or exchangeable for any of our other property or securities. The Series F Preferred Shares pay a 6.5% annual dividend and have a liquidation value of \$2,500 per share. Series F Preferred Shares issued in June 2008 were issued at a discount, resulting in an effective rate of 8.25%.

In July 2004, we issued \$72.5 million of depositary shares with each share representing one-hundredth of a Series E Cumulative Redeemable Preferred Share. The depositary shares are redeemable at our option, in whole or in part, for cash at a redemption price of \$25 per depositary share, plus any accrued and unpaid dividends thereon. The depositary shares are not convertible or exchangeable for any of our other property or securities. The Series E preferred shares pay a 6.95% annual dividend and have a liquidation value of \$2,500 per share.

In April 2003, we issued \$75 million of depositary shares with each share representing one-thirtieth of a Series D Cumulative Redeemable Preferred Share. The depositary shares are currently redeemable at our option, in whole or in part, for cash at a redemption price of \$25 per depositary share, plus any accrued and unpaid dividends thereon. The depositary shares are not convertible or exchangeable for any of our property or securities. The Series D preferred shares pay a 6.75% annual dividend and have a liquidation value of \$750 per share.

Currently, we do not anticipate redeeming either the Series E or Series D preferred shares due to current market conditions; however, no assurance can be given if conditions change.

Note 8. Common Shares of Beneficial Interest

In May 2010, our shareholders approved an amendment to our declaration of trust increasing the number of our authorized common shares, \$0.03 par value per share, from 150.0 million to 275.0 million.

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The dividend rate for our common shares for each quarter of 2010 was \$.26. The quarterly dividend rate for our common shares was \$.525 for the first quarter of 2009 and \$.25 from the remaining quarters of 2009. Subsequent to December 31, 2010, our Board of Trust Managers approved an increase to our quarterly dividend rate to \$.275 per share.

In April 2009, we issued 32.2 million common shares at \$14.25 per share. Net proceeds from this offering were \$439.1 million and were used to repay indebtedness outstanding under our revolving credit facilities and for other general corporate purposes.

Note 9. Property

Our property consisted of the following (in thousands):

	December 31,	
	2010	2009
Land	\$925,497	\$896,010
Land held for development	170,213	182,586
Land under development	22,967	32,709
Buildings and improvements	3,610,889	3,437,578
Construction in-progress	48,228	109,513
Total	\$4,777,794	\$4,658,396

The following carrying charges were capitalized (in thousands):

	Year Ended December 31,		
	2010	2009	2008
Interest	\$3,405	\$8,716	\$20,290
Real estate taxes	344	1,428	2,730
Total	\$3,749	\$10,144	\$23,020

Effective April 1, 2010, we assumed control of two 50%-owned unconsolidated joint ventures related to a development project in Sheridan, Colorado that we had previously accounted for under the equity method. This transaction resulted in the consolidation of the joint ventures, increasing property by \$32.9 million.

During 2010, we invested \$92.1 million in the acquisitions of operating properties and \$19.6 million in new development projects. We sold two land parcels, a shopping center, and two retail buildings, with gross sales proceeds from these dispositions totaling \$13.5 million. Also, we contributed the final two properties to an unconsolidated joint venture for \$47.3 million, which included loan assumptions of \$28.1 million.

Impairment charges, as described in Note 1, of \$5.2 million, \$38.8 million and \$52.5 million were recognized for the year ended December 31, 2010, 2009 and 2008, respectively.

Note 10. Discontinued Operations

During 2010, we sold one shopping center located in Texas. During 2009, we sold 12 shopping centers and five industrial properties, of which 11 were located in Texas and two each in Arizona, New Mexico and North Carolina. The operating results of these properties, as well as any gains on the respective disposition, have been reclassified and reported as discontinued operations in the Statements of Consolidated Income and Comprehensive Income. Revenues recorded in operating income from discontinued operations totaled \$.03 million in 2010, \$17.0 million in 2009 and \$30.1 million in 2008. Included in the Consolidated Balance Sheet at December 31, 2009 were \$.3 million of property and \$.2 million of accumulated depreciation related to the property sold during 2010.

In 2009, one sold property had outstanding debt of \$9.1 million, which was assumed by the purchaser.

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We do not allocate other consolidated interest to discontinued operations because the interest savings to be realized from the proceeds of the sale of these operations was not material.

No impairment associated with discontinued operations was recognized for the year ended December 31, 2010 and 2008. For the year ended December 31, 2009, an impairment loss of \$3.8 million was reported in discontinued operations.

Note 11. Notes Receivable from Real Estate Joint Ventures and Partnerships

We have ownership interests in a number of real estate joint ventures and partnerships. Notes receivable from these entities bear interest ranging from 2.0% to 12.0% at December 31, 2010 and 2.1% to 12.0% at December 31, 2009. These notes are due at various dates through 2012 and are generally secured by real estate assets. We believe these notes are fully collectible, and no allowance has been recorded. We recognized interest income on these notes as follows, in millions: \$4.3 in 2010, \$4.8 in 2009 and \$4.0 in 2008.

In December 2010, we issued a letter of default on a matured note receivable of \$24.9 million. At year end, we were in negotiations to extend this note. Subsequent to year end, the default was remedied by an extension of the note.

Effective April 1, 2010, we assumed control of two 50%-owned unconsolidated joint ventures related to a development project in Sheridan, Colorado that we had previously accounted for under the equity method. This transaction resulted in the consolidation of the joint ventures, reducing notes receivable from real estate joint ventures and partnerships by \$123.9 million.

Note 12. Related Parties

Through our management activities and transactions with our real estate joint venture and partnerships, we had accounts receivable of \$2.7 million and \$4.3 million outstanding as of December 31, 2010 and 2009, respectively. We also had accounts payable and accrued expenses of \$9.6 million and \$10.5 million outstanding as of December 31, 2010 and 2009, respectively. For the year ended December 31, 2010, 2009 and 2008, we recorded joint venture fee income of \$5.8 million, \$5.7 million and \$5.9 million, respectively.

During 2010, we sold an unconsolidated real estate joint venture interest in a Texas property to our partner with gross sales proceeds totaling \$1.4 million, which generated a gain of \$1.3 million.

In October 2009, we entered into an agreement to contribute six retail properties located in Florida and Georgia, valued at approximately \$160.8 million, to an unconsolidated real estate joint venture in which we will retain a 20% ownership interest. We closed on four properties with a total value of \$114.3 million and received net proceeds of approximately \$85.9 million. During the first quarter of 2010, we contributed the final two properties to this unconsolidated real estate joint venture for \$47.3 million, which included loan assumptions of \$28.1 million and the receipt of net proceeds totaling \$14.0 million.

In April 2009, we sold an unconsolidated joint venture interest in a property located in Colorado to our partner with gross sales proceeds of approximately \$15.0 million, which were reduced by the release of a debt obligation of \$11.7 million and generated a gain of \$4.0 million.

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Note 13. Investment in Real Estate Joint Ventures and Partnerships

We own interests in real estate joint ventures or limited partnerships and have tenancy-in-common interests in which we exercise significant influence, but do not have financial and operating control. We account for these investments using the equity method, and our interests range from 7.8% to 75%. Combined condensed financial information of these ventures (at 100%) is summarized as follows (in thousands):

	December 31,	
	2010	2009
Combined Condensed Balance Sheets		
Property	\$2,142,524	\$2,082,316
Accumulated depreciation	(247,996)	(191,478)
Property, net	1,894,528	1,890,838
Other assets, net	168,091	240,387
Total	\$2,062,619	\$2,131,225
Debt, net (primarily mortgages payable)	\$552,552	\$505,462
Amounts payable to Weingarten Realty Investors	202,092	335,622
Other liabilities, net	45,331	88,913
Total	799,975	929,997
Accumulated equity	1,262,644	1,201,228
Total	\$2,062,619	\$2,131,225

	Year Ended December 31,		
	2010	2009	2008
Combined Condensed Statements of Income			
Revenues, net	\$193,649	\$174,595	\$162,737
Expenses:			
Depreciation and amortization	61,726	56,018	41,146
Interest, net	36,270	31,017	20,424
Operating	34,026	33,385	37,592
Real estate taxes, net	24,288	21,213	18,739
General and administrative	3,927	5,187	5,648
Provision for income taxes	237	170	407
Impairment loss	231	6,923	5,151
Total	160,705	153,913	129,107
Gain on land and merchant development sales	372		933

(Loss) gain on sale of property	(3)	11	13
Net income	\$33,313		\$20,693	\$34,576

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Our investment in real estate joint ventures and partnerships, as reported on our Consolidated Balance Sheets, differs from our proportionate share of the entities' underlying net assets due to basis differentials, which arose upon the transfer of assets to the joint ventures. The net basis differentials, which totaled \$8.8 million and \$11.8 million at December 31, 2010 and 2009, respectively, are generally amortized over the useful lives of the related assets.

Our real estate joint ventures and partnerships determined that the carrying amount of certain properties was not recoverable and that the properties should be written down to fair value. For the year ended December 31, 2010, 2009 and 2008, our unconsolidated real estate joint ventures and partnerships recorded an impairment charge of \$.2 million, \$6.9 million and \$5.2 million, respectively, related primarily to undeveloped land at new development properties.

Fees earned by us for the management of these real estate joint ventures and partnerships totaled \$5.8 million in 2010, \$5.7 million in 2009 and \$5.9 million in 2008.

In November 2010, we sold an unconsolidated real estate joint venture interest in a property located in Houston, Texas to our partner with gross sales proceeds of approximately \$1.4 million, which generated a gain of \$1.3 million.

Effective April 1, 2010, we assumed control of two 50%-owned real estate unconsolidated joint ventures related to a development project in Sheridan, Colorado that we had previously accounted for under the equity method. This transaction resulted in the consolidation of the joint ventures in our consolidated financial statements.

During 2010, two unconsolidated joint ventures each sold a retail building located in California with aggregate gross sales proceeds totaling \$4.4 million. Also, two unconsolidated real estate joint ventures each sold a land parcel located in Florida with gross sales proceeds of approximately \$2.5 million.

Also, in 2010, we acquired a 67%-owned real estate unconsolidated joint venture interest in a retail shopping center located in Moreno Valley, California and we acquired a 58%-owned unconsolidated real estate joint venture interest in a retail shopping center located in Houston, Texas for approximately \$35.8 million.

In October 2009, we entered into an agreement to contribute six retail properties located in Florida and Georgia, valued at approximately \$160.8 million, to an unconsolidated joint venture in which we will retain a 20% ownership interest. In 2009, we closed on four properties with a total value of \$114.3 million, and in December 2009, this joint venture entered into a \$68.7 million secured loan. During the first quarter of 2010, we contributed the final two properties to this unconsolidated joint venture for \$47.3 million, which included loan assumptions of \$28.1 million.

In April 2009, we sold an unconsolidated joint venture interest in a property located in Colorado to our partner with gross sales proceeds of approximately \$15.0 million, which were reduced by the release of a debt obligation of \$11.7 million.

Note 14. Federal Income Tax Considerations

We qualify as a REIT under the provisions of the Internal Revenue Code, and therefore, no tax is imposed on our taxable income distributed to shareholders. To maintain our REIT status, we must distribute at least 90% of our ordinary taxable income to our shareholders and meet certain income source and investment restriction requirements. Our shareholders must report their share of income distributed in the form of dividends.

Taxable income differs from net income for financial reporting purposes principally because of differences in the timing of recognition of depreciation, rental revenue, compensation expense, impairment losses and gain from sales of property. As a result of these differences, the book value of our net fixed assets exceeds the tax basis by \$38 million at December 31, 2010 and \$119 million at December 31, 2009.

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The following table reconciles net income to REIT taxable income for the year ended December 31, 2010, 2009 and 2008 (in thousands):

	2010	2009	2008
Net income adjusted for noncontrolling interests	\$46,206	\$171,102	\$145,652
Net loss of taxable REIT subsidiaries included above	22,450	8,966	34,803
Net income from REIT operations	68,656	180,068	180,455
Book depreciation and amortization including discontinued operations	151,108	151,888	157,893
Tax depreciation and amortization	(95,848)	(133,537)	(144,816)
Book/tax difference on gains/losses from capital transactions	1,233	(6,137)	35,891
Deferred/prepaid/above and below market rents, net	(5,076)	(12,489)	(20,113)
Impairment loss from REIT operations	28,376	21,862	31,461
Other book/tax differences, net	(22,785)	28,097	(25,238)
REIT taxable income	125,664	229,752	215,533
Dividends paid deduction	(125,664)	(229,752)	(215,533)
Dividends paid in excess of taxable income	\$-	\$-	\$-

The dividends paid deduction in 2010, 2009 and 2008 includes designated dividends of \$3.8 million from 2011, \$61.2 million from 2010 and \$4.7 million from 2009, respectively.

For federal income tax purposes, the cash dividends distributed to common shareholders are characterized as follows:

	2010	2009	2008
Ordinary income	79.1 %	68.1 %	45.5 %
Capital gain distributions	20.9 %	31.9 %	54.5 %
Total	100.0 %	100.0 %	100.0 %

Our taxable REIT subsidiary is subject to federal, state and local income taxes. We have recorded a federal income tax (benefit) provision of \$(1.2) million, \$4.4 million and \$(12.1) million for the year ended December 31, 2010, 2009 and 2008, respectively. We did not have a current tax obligation as of December 31, 2010 and 2009 in association with this tax; however, we had a current tax receivable of \$2.8 million as of December 31, 2009.

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Our deferred tax assets and liabilities, including a valuation allowance, consisted of the following (in thousands):

	December 31,	
	2010	2009
Deferred tax assets:		
Impairment loss	\$ 13,584	\$ 13,945
Allowance on other assets	1,423	1,428
Interest expense	7,256	3,643
Net operating loss carryforward	4,684	1,509
Other	672	447
Total deferred tax assets	27,619	20,972
Valuation allowance	(15,818)	(9,605)
Total deferred tax assets, net of allowance	\$ 11,801	\$ 11,367
Deferred tax liabilities:		
Straight-line rentals	\$ 1,290	\$ 506
Book-tax basis differential	4,708	6,346
Total deferred tax liabilities	\$ 5,998	\$ 6,852

At December 31, 2010 and 2009, we have recorded a net deferred tax asset of \$11.8 million and \$11.4 million, respectively; including the benefit of \$13.6 million and \$13.9 million, respectively, of impairment losses, which will not be recognized until the related properties are sold. Realization is dependent on generating sufficient taxable income in the year the property is sold. Management believes it is more likely than not that a portion of these deferred tax assets, which primarily consists of impairment losses, will not be realized and established a valuation allowance totaling \$15.8 million and \$9.6 million as of December 31, 2010 and 2009, respectively. However, the amount of the deferred tax asset considered realizable could be reduced if estimates of future taxable income are reduced.

In addition, we are subject to the State of Texas business tax (“Texas Franchise Tax”), which is determined by applying a tax rate to a base that considers both revenues and expenses. Therefore, the Texas Franchise Tax is considered an income tax and is accounted for accordingly.

For the year ended December 31, 2010, 2009 and 2008, we recorded a provision for the Texas Franchise Tax of \$1.4 million, \$1.9 million and \$2.2 million, respectively. The deferred tax assets associated with this tax each totaled \$.1 million as of December 31, 2010 and 2009, and the deferred tax liabilities totaled \$.2 million and \$.1 million as of December 31, 2010 and 2009, respectively. Also, a current tax obligation of \$1.6 million and \$2.1 million has been recorded at December 31, 2010 and 2009, respectively, in association with this tax.

Note 15. Leasing Operations

The terms of our leases range from less than one year for smaller tenant spaces to over 25 years for larger tenant spaces. In addition to minimum lease payments, most of the leases provide for contingent rentals (payments for real estate taxes, maintenance and insurance by lessees and an amount based on a percentage of the tenants' sales). Future minimum rental income from non-cancelable tenant leases at December 31, 2010, in millions, is: \$404.3 in 2011; \$349.3 in 2012; \$286.3 in 2013; \$224.6 in 2014; \$168.1 in 2015; and \$572.7 thereafter. The future minimum rental amounts do not include estimates for contingent rentals. Such contingent rentals, in millions, aggregated \$115.5 in 2010, \$119.5 in 2009 and \$131.7 in 2008.

Note 16. Commitments and Contingencies

We are engaged in the operation of shopping centers, which are either owned or, with respect to certain shopping centers, operated under long-term ground leases. These ground leases expire at various dates through 2069, with renewal options. Space in our shopping centers is leased to tenants pursuant to agreements that provide for terms ranging generally from one month to 25 years and, in some cases, for annual rentals subject to upward adjustments based on operating expense levels, sales volume, or contractual increases as defined in the lease agreements.

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Scheduled minimum rental payments under the terms of all non-cancelable operating leases in which we are the lessee, principally for shopping center ground leases, for the subsequent five years and thereafter ending December 31, are as follows (in thousands):

2011	\$3,570
2012	3,382
2013	3,352
2014	3,118
2015	2,891
Thereafter	123,870
Total	\$140,183

Rental expense for operating leases was, in millions: \$5.3 in 2010; \$5.0 in 2009 and \$4.0 in 2008.

The scheduled future minimum revenues under subleases, applicable to the ground lease rentals above, under the terms of all non-cancelable tenant leases, assuming no new or renegotiated leases or option extensions for the subsequent five years and thereafter ending December 31, are as follows (in thousands):

2011	\$36,882
2012	33,538
2013	29,579
2014	23,836
2015	18,677
Thereafter	86,066
Total	\$228,578

Property under capital leases that is included in buildings and improvements consisted of two shopping centers totaling \$16.8 million at December 31, 2010 and three shopping centers totaling \$19.1 million at December 31, 2009. Amortization of property under capital leases is included in depreciation and amortization expense, and the balance of accumulated depreciation associated with these capital leases at December 31, 2010 and 2009 was \$9.8 million and \$11.0 million, respectively. Future minimum lease payments under these capital leases total \$35.5 million, with annual payments due, in millions, \$1.7 in 2011, \$1.8 in each of 2012, 2013, 2014 and 2015; and \$26.6 thereafter. The amount of these total payments representing interest is \$14.5 million. Accordingly, the present value of the net minimum lease payments was \$21.0 million at December 31, 2010.

As of December 31, 2010, we participate in five real estate ventures structured as DownREIT partnerships that have properties in Arkansas, California, Georgia, North Carolina, Texas and Utah. As a general partner, we have operating and financial control over these ventures and consolidate them in our consolidated financial statements. These ventures allow the outside limited partners to put their interest to the partnership for our common shares or an equivalent amount in cash. We may acquire any limited partnership interests that are put to the partnership, and we have the option to redeem the interest in cash or a fixed number of our common shares, at our discretion. We also participate in a real estate venture that has a property in Texas that allows its outside partner to put operating partnership units to us. We have the option to redeem these units in cash or a fixed number of our common shares, at our discretion. In 2010 and 2009, we issued common shares valued at \$.7 million and \$14.3 million, respectively, in exchange for certain of these interests. The aggregate redemption value of these interests was approximately \$39 million and \$33 million as of December 31, 2010 and 2009, respectively.

In January 2007, we acquired two retail properties in Arizona. This purchase transaction includes an earnout provision of approximately \$29 million that is contingent upon the subsequent development of space by the property

seller. This contingency agreement expired in July 2010 and was settled for \$6.4 million in January 2011. As of December 31, 2010 and 2009, the estimated obligation was \$6.4 million and \$4.7 million, respectively. Since inception of this obligation, \$12.5 million had been paid through December 31, 2010. Amounts paid or accrued under such earnouts are treated as additional purchase price and capitalized to the related property.

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We are subject to numerous federal, state and local environmental laws, ordinances and regulations in the areas where we own or operate properties. We are not aware of any material contamination which may have been caused by us or any of our tenants that would have a material adverse effect on our consolidated financial statements.

As part of our risk management activities, we have applied and been accepted into state sponsored environmental programs which will limit our expenses if contaminants need to be remediated. We also have an environmental insurance policy that covers us against third party liabilities and remediation costs.

While we believe that we do not have any material exposure to environmental remediation costs, we cannot give absolute assurance that changes in the law or new discoveries of contamination will not result in increased liabilities to us.

Related to our investment in a development project in Sheridan, Colorado that prior to April 1, 2010 was held in an unconsolidated real estate joint venture, we, our joint venture partner and the joint venture have each provided a guaranty for the payment of any debt service shortfalls on tax increment revenue bonds issued in connection with the project. The Sheridan Redevelopment Agency (“Agency”) issued \$97 million of Series A bonds used for an urban renewal project. The bonds are to be repaid with incremental sales and property taxes and a PIF to be assessed on current and future retail sales, and, to the extent necessary, any amounts we may have to provide under a guaranty. The incremental taxes and PIF are to remain intact until the earlier of the bond liability has been paid in full or 2030 (unless such date is otherwise extended by the Agency).

In July 2009, we settled a lawsuit in connection with the above project. Among the obligations performed or to be performed by us under the terms of the settlement agreement was to cause the joint venture to purchase a portion of the bonds in the amount of \$51.3 million at par, plus accrued and unpaid interest to the date of such purchase. We established a restricted cash collateral account of \$47.6 million in lieu of a back-to-back letter of credit previously supporting additional bonds totaling \$45.7 million. We replaced the restricted cash collateral account with a \$46.3 million letter of credit in November 2010.

Also, in connection with the Sheridan, Colorado joint venture and the issuance of the related Series A bonds, we, our joint venture partner and the joint venture have also provided a performance guaranty on behalf of the Agency for the satisfaction of all obligations arising from two interest rate contracts for the combined notional amount of \$97 million that matures in December 2029. We evaluated and determined that the fair value of the guaranty both at inception and December 31, 2010 was nominal.

We have evaluated the remaining outstanding guaranties and have determined that the fair value of these guaranties is nominal.

We are also involved in various matters of litigation arising in the normal course of business. While we are unable to predict with certainty the amounts involved, our management and counsel are of the opinion that, when such litigation is resolved, any additional liability, if any, will not have a material adverse effect on our consolidated financial statements.

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Note 17. Identified Intangible Assets and Liabilities

Identified intangible assets and liabilities associated with our property acquisitions are as follows (in thousands):

	December 31,	
	2010	2009
Identified Intangible Assets:		
Above-Market Leases (included in Other Assets, net)	\$16,825	\$17,278
Above-Market Leases – Accumulated Amortization	(10,507)	(11,471)
Below-Market Assumed Mortgages (included in Debt, net)	5,722	2,072
Below-Market Assumed Mortgages – Accumulated Amortization	(1,157)	(805)
Valuation of In Place Leases (included in Unamortized Debt and Lease Cost, net)	71,272	57,610
Valuation of In Place Leases – Accumulated Amortization	(35,984)	(32,361)
	\$46,171	\$32,323
Identified Intangible Liabilities:		
Below-Market Leases (included in Other Liabilities, net)	\$37,668	\$36,951
Below-Market Leases – Accumulated Amortization	(23,585)	(21,794)
Above-Market Assumed Mortgages (included in Debt, net)	48,149	52,171
Above-Market Assumed Mortgages – Accumulated Amortization	(31,288)	(31,329)
	\$30,944	\$35,999

These identified intangible assets and liabilities are amortized over the applicable lease terms or the remaining lives of the assumed mortgages, as applicable.

The net amortization of above-market and below-market leases increased rental revenues by \$1.7 million, \$2.5 million and \$3.5 million in 2010, 2009 and 2008, respectively. The estimated net amortization of these intangible assets and liabilities will increase rental revenues for each of the next five years as follows (in thousands):

2011	\$1,331
2012	801
2013	714
2014	694
2015	676

The amortization of the in place lease intangible assets recorded in depreciation and amortization, was \$5.9 million, \$8.2 million and \$8.5 million in 2010, 2009 and 2008, respectively. The estimated amortization of this intangible asset will increase depreciation and amortization for each of the next five years as follows (in thousands):

2011	\$4,775
2012	3,977
2013	3,150
2014	2,639
2015	2,084

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The amortization of above-market and below-market assumed mortgages decreased net interest expense by \$3.1 million, \$4.4 million and \$8.0 million in 2010, 2009 and 2008, respectively. The estimated amortization of these intangible assets and liabilities will decrease net interest expense for each of the next five years as follows (in thousands):

2011	\$1,949
2012	916
2013	472
2014	500
2015	513

Note 18. Fair Value Measurements

Recurring Fair Value Measurements:

Investments held in grantor trusts

These assets are valued based on publicly quoted market prices for identical assets.

Tax Increment Revenue Bonds

These assets represent tax increment revenue bonds which were issued by the Agency in connection with our investment in a redevelopment project in Sheridan, Colorado. The senior tax increment revenue bonds are valued based on quoted prices for similar assets in an active market. As a result, we have determined that the senior tax increment revenue bonds are classified within Level 2 of the fair value hierarchy. The valuation of our subordinated tax increment revenue bonds is determined based on assumptions that management believes market participants would use in pricing using widely accepted valuation techniques including discounted cash flow analysis based on the expected future sales tax revenues of the redevelopment project. This analysis reflects the contractual terms of the bonds, including the period to maturity, and uses observable market-based inputs, such as market discount rates and unobservable market-based inputs, such as future growth and inflation rates. Since the majority of our inputs are unobservable, we have determined that the subordinate tax increment revenue bonds fall within the Level 3 classification of the fair value hierarchy. At December 31, 2010, the carrying value of these bonds is equal to its fair value.

Derivative instruments

We use interest rate contracts with major financial institutions to manage our interest rate risk. The valuation of these instruments is determined based on assumptions that management believes market participants would use in pricing, using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair values of our interest rate contracts have been determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

We incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counter-party's nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements, such as collateral, thresholds and guarantees.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as

estimates of current credit spreads to evaluate the likelihood of default by ourselves and our counter-parties. However, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that the derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

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Assets and liabilities measured at fair value on a recurring basis as of December 31, 2010 and 2009, aggregated by the level in the fair value hierarchy in which those measurements fall, are as follows (in thousands):

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at December 31, 2010
Assets:				
Investments in grantor trusts	\$ 15,055			\$ 15,055
Tax increment revenue bonds		\$ 51,255	\$ 10,700	61,955
Derivative instruments:				
Interest rate contracts		7,192		7,192
Total	\$ 15,055	\$ 58,447	\$ 10,700	\$ 84,202
Liabilities:				
Derivative instruments:				
Interest rate contracts		\$ 108		\$ 108
Deferred compensation plan obligations	\$ 15,055			15,055
Total	\$ 15,055	\$ 108		\$ 15,163

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at December 31, 2009
Assets:				
Investments in grantor trusts	\$ 13,894			\$ 13,894
Derivative instruments:				
Interest rate contracts		\$ 2,601		2,601
Total	\$ 13,894	\$ 2,601		\$ 16,495
Liabilities:				
Derivative instruments:				
Interest rate contracts		\$ 4,634		\$ 4,634
Deferred compensation plan obligations	\$ 13,894			13,894
Total	\$ 13,894	\$ 4,634		\$ 18,528

A reconciliation of the outstanding balance of the subordinate tax increment revenue bonds using significant unobservable inputs (Level 3) is as follows:

Fair Value
Measurements

	Using Significant Unobservable Inputs (Level 3)
Outstanding, January 1, 2010	\$ -
Additions (1)	22,417
Loss included in earnings (2)	(11,717)
Outstanding, December 31, 2010	\$ 10,700

(1) Additions represent an investment including accrued interest in a subordinate tax increment revenue bond that was classified as available for sale on December 31, 2010.

(2) Represents the change in unrealized losses recognized in impairment loss in the Statement of Consolidated Income and Comprehensive Income for the year ended December 31, 2010.

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Nonrecurring Fair Value Measurements:

Property Impairments

Property is reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the property, including any identifiable intangible assets, site costs and capitalized interest, may not be recoverable. In such an event, a comparison is made of the current and projected operating cash flows of each such property into the foreseeable future on an undiscounted basis to the carrying amount of such property. If we conclude that an impairment may have occurred, fair values are determined by management utilizing cash flow models, market capitalization rates and market discount rates, or by obtaining third-party broker valuation estimates, appraisals, bona fide purchase offers or the expected sales price of an executed sales agreement in accordance with our fair value measurements accounting policy.

Subordinate Tax Increment Revenue Bonds and Subordinate Tax Increment Revenue Note Impairments

Investments in tax increment revenue bonds and tax increment revenue notes are reviewed for impairment if changes in circumstances or forecasts indicate that the carrying amount may not be recoverable and in the case of the bonds, if it is uncertain if the investment will be held to maturity. In such an event, a comparison is made of the projected recoverability of cash flows from the tax increment revenue bonds and note to the carrying amount of each investment. If we conclude that an impairment may have occurred, fair values are determined by management utilizing third-party sales revenue projections until the maturity of the bonds and notes and discounted cash flow models.

Assets measured at fair value on a nonrecurring basis during 2010, aggregated by the level in the fair value hierarchy in which those measurements fall, are as follows (in thousands):

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value	Total Gains (Losses)
Property			\$ 2,325	\$ 2,325	\$ (2,827)
Subordinate tax increment revenue bonds			10,700	10,700	(11,717)
Subordinate tax increment revenue note					(598)
Total			\$ 13,025	\$ 13,025	\$ (15,142)

In accordance with our policy of evaluating and recording impairments on the disposal of long-lived assets, a property with a total carrying amount of \$5.1 million was written down to its fair value of \$2.3 million, resulting in a loss of \$2.8 million, which was included in earnings for the period. Management's estimate of the fair value of this property was determined using third party broker valuations for the Level 3 inputs.

In addition, our subordinate tax increment revenue investments, the bonds issued by the Agency with a carrying value of \$22.4 million, were written down to their fair value of \$10.7 million as they are no longer classified as held to maturity. Also, our note with a carrying value of \$.6 million was written down to its fair value of zero. Management's estimates of the fair value of these investments were determined using third-party sales revenue projections and future growth and inflations rates for the Level 3 inputs.

Fair Value Disclosures:

Unless otherwise described below, short-term financial instruments and receivables are carried at amounts which approximate their fair values based on their highly-liquid nature, short-term maturities and/or expected interest rates for similar instruments.

Notes Receivable from Real Estate Joint Ventures and Partnerships

We estimated the fair value of our notes receivables from real estate joint ventures and partnerships based on quoted market prices for publicly-traded notes and on the discounted estimated future cash receipts. The discount rates used approximate current lending rates for a note or groups of notes with similar maturities and credit quality, assumes the note is outstanding through maturity and considers the note's collateral (if applicable). We have utilized market information as available or present value techniques to estimate the amounts required to be disclosed. Since such amounts are estimates that are based on limited available market information for similar transactions, there can be no assurance that the disclosed value of any financial instrument could be realized by immediate settlement of the instrument. Notes with a carrying value of \$184.8 million and \$317.8 million at December 31, 2010 and 2009, respectively, have a fair value of approximately \$188.0 million and \$317.8 million, respectively.

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Debt

We estimated the fair value of our debt based on quoted market prices for publicly-traded debt and on the discounted estimated future cash payments to be made for other debt. The discount rates used approximate current lending rates for loans or groups of loans with similar maturities and credit quality, assumes the debt is outstanding through maturity and considers the debt's collateral (if applicable). We have utilized market information as available or present value techniques to estimate the amounts required to be disclosed. Since such amounts are estimates that are based on limited available market information for similar transactions, there can be no assurance that the disclosed value of any financial instrument could be realized by immediate settlement of the instrument. Fixed-rate debt with a carrying value of \$2.3 billion and \$2.1 billion at December 31, 2010 and 2009, respectively has a fair value of approximately \$2.4 billion and \$2.0 billion, respectively. Variable-rate debt with carrying values of \$239.6 million and \$385.7 million as of December 31, 2010 and 2009, respectively, has fair values of approximately \$252.2 million and \$373.4 million, respectively.

Note 19. Share Options and Awards

We have a Long-Term Incentive Plan for the issuance of options and share awards, of which .01 million is available for the future grant of options or awards at December 31, 2010. This plan expires in April 2011. The share options granted to non-officers vest over a three-year period beginning after the grant date, and share options and restricted shares for officers vest over a five-year period after the grant date. Restricted shares granted to trust managers and share options or awards granted to retirement eligible employees are expensed immediately.

In May 2010, our shareholders approved the adoption of the Amended and Restated 2010 Long-Term Incentive Plan, under which 3.0 million of our common shares were reserved for issuance, and 2.8 million is available for the future grant of options or awards at December 31, 2010. This plan expires in May 2020. Currently, these share options granted to non-officers vest ratably over a three-year period beginning after the grant date, and share options and restricted shares for officers vest ratably over a five-year period after the grant date. Restricted shares granted to trust managers and share options or awards granted to retirement eligible employees are expensed immediately. Restricted shares have the same rights of a shareholder, including the right to vote and receive dividends, except as otherwise provided by our Management Development and Executive Compensation Committee.

The grant price for both the Long-Term Incentive Plan and the Amended and Restated 2010 Long-Term Incentive Plan (collectively, the "Plans") is calculated as an average of the high and low of the quoted fair value of our common shares on the date of grant. In the Plans, these options expire upon the earlier of termination of employment or 10 years from the date of grant, and restricted shares for officers and trust managers are granted at no purchase price. Our policy is to recognize compensation expense for equity awards ratably over the vesting period, except for retirement eligible amounts. Compensation expense, net of forfeitures, associated with share options and restricted shares totaled \$4.9 million in 2010, \$4.2 million in 2009 and \$4.9 million in 2008, of which \$1.2 million in both 2010 and 2009 and \$1.3 million in 2008, was capitalized.

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The fair value of share options and restricted shares is estimated on the date of grant using the Black-Scholes option pricing method based on the expected weighted average assumptions in the following table. The dividend yield is an average of the historical yields at each record date over the estimated expected life. We estimate volatility using our historical volatility data for a period of 10 years, and the expected life is based on historical data from an option valuation model of employee exercises and terminations. The risk-free rate is based on the U.S. Treasury yield curve. The fair value and weighted average assumptions are as follows:

	Year Ended December 31,					
	2010		2009		2008	
Fair value per share option	\$5.42		\$1.99		\$3.07	
Dividend yield	5.3	%	5.2	%	5.1	%
Expected volatility	38.8	%	31.3	%	18.8	%
Expected life (in years)	6.2		6.2		6.2	
Risk-free interest rate	2.9	%	1.7	%	2.8	%

Following is a summary of the option activity for the three years ended December 31, 2010:

	Shares Under Option	Weighted Average Exercise Price
Outstanding, January 1, 2008	2,840,290	\$32.66
Granted	832,106	32.22
Forfeited or expired	(174,376)	35.85
Exercised	(180,365)	21.99
Outstanding, December 31, 2008	3,317,655	32.96
Granted	1,182,252	11.85
Forfeited or expired	(54,364)	26.90
Exercised	(9,400)	18.05
Outstanding, December 31, 2009	4,436,143	27.44
Granted	504,781	22.68
Forfeited or expired	(22,973)	21.29
Exercised	(303,679)	17.32
Outstanding, December 31, 2010	4,614,272	\$27.62

The total intrinsic value of options exercised was \$1.8 million in 2010, \$0.02 million in 2009 and \$2.2 million in 2008. As of December 31, 2010 and 2009, there was approximately \$3.8 million and \$3.2 million, respectively, of total unrecognized compensation cost related to unvested share options, which is expected to be amortized over a weighted average of 2.5 years for both periods.

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The following table summarizes information about share options outstanding and exercisable at December 31, 2010:

Range of Exercise Prices	Number	Outstanding			Exercisable			
		Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Aggregate Intrinsic Value (000's)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value (000's)	
11.85 - \$17.78	1,076,520	8.2 years	\$ 11.85		243,529	\$ 11.85	8.2 years	
17.79 - \$26.69	1,143,273	5.0 years	\$ 23.03		640,585	\$ 23.31	1.5 years	
26.70 - \$40.05	1,914,766	5.3 years	\$ 34.25		1,486,801	\$ 34.83	4.7 years	
40.06 - \$49.62	479,713	5.9 years	\$ 47.46		395,837	\$ 47.46	5.9 years	
Total	4,614,272	5.9 years	\$ 27.62	\$ -	2,766,752	\$ 31.95	4.4 years	\$ -

A summary of the status of unvested restricted shares for the year ended December 31, 2010 is as follows:

	Unvested Restricted Share Awards	Weighted Average Grant Date Fair Value
Outstanding, January 1, 2010	363,236	\$ 19.40
Granted	160,353	22.93
Vested	(126,387)	24.14
Forfeited	(405)	11.85
Outstanding, December 31, 2010	396,797	\$ 19.32

As of December 31, 2010 and 2009, there was approximately \$5.1 million and \$4.6 million, respectively, of total unrecognized compensation cost related to unvested restricted shares, which is expected to be amortized over a weighted average of 2.8 years and 2.7 years, respectively.

Note 20. Employee Benefit Plans

Effective April 1, 2002, we converted a noncontributory pension plan to a noncontributory cash balance retirement plan ("Retirement Plan") under which each participant received an actuarially determined opening balance. Annual additions to each participant's account include a service credit ranging from 3-5% of compensation, depending on years of service, and an interest credit based on the ten-year US Treasury Bill rate not to be less than 2.05%. Vesting

generally occurs after three years of service. Certain participants were grandfathered under the prior pension plan formula. In addition to the plan described above, effective September 1, 2002, we established two separate and independent nonqualified supplemental retirement plans ("SRP") for certain employees. These unfunded plans provide benefits in excess of the statutory limits of our noncontributory cash balance retirement plan. Annual additions to each participant's account include a service credit ranging from 3-5% of compensation, depending on years of service, and an interest credit of 7.5%. Vesting generally occurs after three years of service. We have elected to use the actuarial present value of the vested benefits to which the participant is entitled if the participant separates immediately from the SRP, as permitted by GAAP.

The estimated net loss, prior service cost, and transition obligation that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year are \$720,000, (\$117,000) and zero, respectively.

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The following tables summarize changes in the benefit obligation, the plan assets and the funded status of our pension plans as well as the components of net periodic benefit costs, including key assumptions. The measurement dates for plan assets and obligations were December 31, 2010 and 2009.

	Fiscal Year End	
	2010	2009
Change in Projected Benefit Obligation:		
Benefit obligation at beginning of year	\$51,333	\$46,148
Service cost	3,325	3,571
Interest cost	3,212	2,931
Actuarial loss	1,769	422
Benefit payments	(1,764)	(1,739)
Benefit obligation at end of year	\$57,875	\$51,333
Change in Plan Assets:		
Fair value of plan assets at beginning of year	\$23,509	\$15,472
Actual return on plan assets	2,600	4,219
Employer contributions	2,681	5,557
Benefit payments	(1,764)	(1,739)
Fair value of plan assets at end of year	\$27,026	\$23,509
Unfunded Status at End of Year:		
Accumulated benefit obligation	\$57,418	\$50,732
Amounts recognized in accumulated other comprehensive loss consist of:		
Net loss	\$10,296	\$9,908
Prior service credit	(235)	(352)
Total amount recognized	\$10,061	\$9,556

The following is the required information for other changes in plan assets and benefit obligations recognized in other comprehensive income:

	2010	2009	2008
Net loss (gain)	\$1,132	\$(2,407)	\$9,231
Amortization of net gain	(744)	(947)	(256)
Amortization of prior service cost	117	117	117
Total recognized in other comprehensive income	\$505	\$(3,237)	\$9,092
Total recognized in net periodic benefit costs and other comprehensive income			
	\$5,704	\$2,705	\$12,093

The following is the required information for plans with an accumulated benefit obligation in excess of plan assets at each year end:

2010	2009
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Projected benefit obligation	\$57,875	\$51,333
Accumulated benefit obligation	57,418	50,732
Fair value of plan assets	27,026	23,509

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At December 31, 2010 and 2009, the Retirement Plan was underfunded by \$4.5 million and \$4.6 million, respectively, and is included in accounts payable and accrued expenses. The SRP was underfunded by \$26.3 million and \$23.2 million, respectively, and is included in other net liabilities.

The components of net periodic benefit cost for both plans are as follows (in thousands):

	2010	2009	2008
Service cost	\$3,325	\$3,571	\$2,414
Interest cost	3,212	2,931	2,639
Expected return on plan assets	(1,965)	(1,391)	(1,832)
Prior service cost	(117)	(117)	(117)
Recognized loss (gain)	744	947	(104)
Total	\$5,199	\$5,941	\$3,000

The assumptions used to develop periodic expense for both plans are shown below:

	2010	2009	2008
Discount rate – Retirement Plan and SRP	5.82 %	6.00 %	6.25 %
Salary scale increases – Retirement Plan	4.00 %	4.00 %	4.00 %
Salary scale increases – SRP	5.00 %	5.00 %	5.00 %
Long-term rate of return on assets – Retirement Plan	8.00 %	8.00 %	8.50 %

The selection of the discount rate is made annually after comparison to yields based on high quality fixed-income investments. The salary scale is the composite rate which reflects anticipated inflation, merit increases, and promotions for the group of covered participants. The long-term rate of return is a composite rate for the trust. It is derived as the sum of the percentages invested in each principal asset class included in the portfolio multiplied by their respective expected rates of return. We considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio. This analysis resulted in the selection of 8.00% as the long-term rate of return assumption for 2010.

The assumptions used to develop the actuarial present value of the benefit obligations at year-end for both plans are shown below:

	2010	2009	2008
Discount rate – Retirement Plan and SRP	5.30 %	5.82 %	6.00 %
Salary scale increases – Retirement Plan	4.00 %	4.00 %	4.00 %
Salary scale increases – SRP	5.00 %	5.00 %	5.00 %

The expected contribution to be paid for the Retirement Plan by us during 2011 is approximately \$2.3 million. The expected benefit payments for the next ten years for both plans are as follows, in millions: \$1.9 in 2011, \$4.6 in 2012; \$2.1 in 2013; \$2.8 in 2014, \$4.8 in 2015 and \$27.0 in 2016 through 2020.

The participant data used in determining the liabilities and costs for the Retirement Plan was collected as of January 1, 2010, and no significant changes have occurred through December 31, 2010. The participant data used in determining the liabilities and costs for the SRP was collected as of December 31, 2010.

Our investment policy for our plan assets has been to set forth to determine the objectives for structuring a retirement savings program suitable to the long-term needs and risk tolerances of participants, to select appropriate investments to be offered by the plan and to establish procedures for monitoring and evaluating the performance of the investments of the plan. Our overall plan objectives for selecting and monitoring investment options are to promote and optimize retirement wealth accumulation; to provide a full range of asset classes and investment options that are intended to help diversify the portfolio to maximize return within reasonable and prudent levels of risk; to control costs of administering the plan; and to manage the investments held by the plan.

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The selection of investment options is determined using criteria based on the following characteristics: fund history, relative performance, investment style, portfolio structure, manager tenure, minimum assets, expenses and operation considerations. Investment options selected for use in the plan are reviewed on at least a semi-annual basis in order to evaluate material changes from the selection criteria. Asset allocation is used to determine how the investment portfolio should be split between stocks, bonds and cash. The asset allocation decision is influenced by time horizon; risk tolerance and investment return objectives. The primary factor for consideration of asset allocation is demographics of the plan, including, attained age and future service. The allocation is based on a broad market diversification model and the percentage allocation to each investment category will vary depending upon market conditions. Rebalancing of the allocation of plan assets occurs semi-annually.

At December 31, 2010, our investment asset allocation compared to our benchmarking allocation model was as follows:

	Portfolio		Benchmark	
	%		%	
Cash	7	%	4	%
US Stocks	40	%	54	%
Non-US Stocks	20	%	9	%
Bonds	32	%	33	%
Other	1	%		
Total	100	%	100	%

The fair value of plan assets was determined based on publicly quoted market prices for identical assets which are classified as Level 1 observable inputs. The allocation of the fair value of plan assets was as follows (in thousands):

	December 31,			
	2010		2009	
Cash and short-term investments	3	%	3	%
Mutual funds – equity	63	%	61	%
Mutual funds – fixed income	34	%	36	%
Total	100	%	100	%

Concentrations of risk within our equity portfolio are investments classified within the financial services sector, the industrial materials sector, the healthcare sector and the consumer goods sector representing approximately 16%, 13%, 13% and 11%, of total equity investments, respectively.

We also have a deferred compensation plan for eligible employees allowing them to defer portions of their current cash salary or share-based compensation. Deferred amounts are deposited in a grantor trust, which are included in other net assets, and are reported as compensation expense in the year service is rendered. Cash deferrals are invested based on the employee's investment selections from a mix of assets based on a broad market diversification model. Deferred share-based compensation cannot be diversified, and distributions from this plan are made in the same form as the original deferral. See Note 18 for the disclosures associated with the fair value of the deferred compensation plan.

Note 21. Segment Information

The reportable segments presented are the segments for which separate financial information is available, and for which operating performance is evaluated regularly by senior management in deciding how to allocate resources and in assessing performance. We evaluate the performance of the reportable segments based on net operating income, defined as total revenues less operating expenses and real estate taxes. Management does not consider the effect of gains or losses from the sale of property in evaluating segment operating performance.

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The shopping center segment is engaged in the acquisition, development and management of real estate, primarily anchored neighborhood and community shopping centers located in Arizona, Arkansas, California, Colorado, Florida, Georgia, Illinois, Kansas, Kentucky, Louisiana, Maine, Missouri, Nevada, New Mexico, North Carolina, Oklahoma, Oregon, South Carolina, Tennessee, Texas, Utah and Washington. The customer base includes supermarkets, discount retailers, drugstores and other retailers who generally sell basic necessity-type commodities. The industrial segment is engaged in the acquisition, development and management of bulk warehouses and office/service centers. Its properties are located in California, Florida, Georgia, Tennessee, Texas and Virginia, and the customer base is diverse. Included in "Other" are corporate-related items, insignificant operations and costs that are not allocated to the reportable segments.

Information concerning our reportable segments is as follows (in thousands):

	Shopping Center	Industrial	Other	Total
Year Ended December 31, 2010:				
Revenues	\$493,890	\$51,961	\$8,816	\$554,667
Net Operating Income	347,838	35,544	619	384,001
Equity in Earnings (Loss) of Real Estate Joint Ventures and Partnerships, net	12,222	1,053	(386)	12,889
Capital Expenditures	144,196	23,892	27,411	195,499
Year Ended December 31, 2009:				
Revenues	\$511,421	\$53,070	\$7,497	\$571,988
Net Operating Income (Loss)	362,065	36,917	(598)	398,384
Equity in Earnings (Loss) of Real Estate Joint Ventures and Partnerships, net	4,949	967	(368)	5,548
Capital Expenditures	84,252	9,388	3,917	97,557
Year Ended December 31, 2008:				
Revenues	\$529,527	\$54,314	\$8,806	\$592,647
Net Operating Income (Loss)	370,099	38,611	(143)	408,567
Equity in Earnings (Loss) of Real Estate Joint Ventures and Partnerships, net	15,012	1,428	(4,244)	12,196
Capital Expenditures	247,723	22,315	29,052	299,090