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WEINGARTEN REALTY INVESTORS /TX/

Form 8-K

October 26, 2001

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

FORM 8-K

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

Date of report (Date of earliest event reported): October 26, 2001

WEINGARTEN REALTY INVESTORS

(Exact name of registrant as specified in its charter)

1-9876

(Commission File Number)

Texas

(State or other jurisdiction of
incorporation or organization)

2600 Citadel Plaza Drive, Suite 300, Houston, Texas

(Address of principal executive offices)

74-1464203

(I.R.S. Employer
Identification No.)

77008

(Zip Code)

Registrant's telephone number, including area code: (713) 866-6000

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ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

During the period from January 1, 2001 through the date of this filing, Weingarten Realty Investors acquired a portfolio of 19 retail centers (the "Golden State Portfolio"), ten other retail centers and one industrial project. Material factors considered in each of the acquisitions made by the Company include historical and prospective financial performance of the center, credit quality of the tenancy, local and regional demographics, location and competition, ad valorem tax rates, condition of the property and the related anticipated level of capital expenditures required. The total investment in acquisitions during 2001 is \$461 million. Audited financial statements and unaudited pro forma financial information on these properties are submitted in ITEM 7. below. Audited financial statements for the Golden State Portfolio were previously filed under our Form 8-K dated June 23, 2001 and, accordingly, are not included herein.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

The following financial statements, pro forma financial statements and exhibits are filed as part of this report:

(a) Financial statements of businesses acquired:

Colonial Plaza Market Center

- (i) Independent Auditors' Report
- (ii) Statement of Revenue and Certain Expenses for the Year Ended December 31, 2000
- (iii) Notes to Statement of Revenue and Certain Expenses

(b) Pro Forma Condensed Financial Statements (unaudited) of Weingarten Realty Investors, the Acquired Properties and Other Acquisitions

- 1. Pro Forma Condensed Statement of Consolidated Income for the Six Months Ended June 30, 2001
- 2. Pro Forma Condensed Balance Sheet as of June 30, 2001
- 3. Notes and Significant Assumptions

(c) Exhibits:

Included herewith is Exhibit No. 23.1, the Consent of the Independent Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Trust Managers and Shareholders of
Weingarten Realty Investors:

We have audited the accompanying statement of revenue and certain expenses of the Colonial Plaza Market Center ("Colonial") for the year ended December 31,

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2000. This statement of revenue and certain expenses is the responsibility of the Colonial management. Our responsibility is to express an opinion on the statement of revenue and certain expenses based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenue and certain expenses is free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of revenue and certain expense presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenue and certain expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in Form 8-K of Weingarten Realty Investors. Certain expenses (described in Note 1) that would not be comparable to those resulting from the proposed future operations of the property are excluded and the statement is not intended to be a complete presentation of Colonial's revenue and expenses.

In our opinion, the statement of revenue and certain expenses presents fairly, in all material respects, the revenue and certain expenses, as defined above, of the Colonial Plaza Market Center for the year ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP
Houston, Texas
September 13, 2001

COLONIAL PLAZA MARKET CENTER
STATEMENT OF REVENUE AND CERTAIN EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2000

REVENUE:	
Rental	\$5,021,523
Tenant reimbursements.	1,746,738

Total Revenue.	6,768,261

CERTAIN EXPENSES:	
Property operating and maintenance	720,955
Real estate taxes and assessments.	1,162,178

Total Certain Expenses	1,883,133

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EXCESS OF REVENUE OVER CERTAIN EXPENSES. \$4,885,128
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See accompanying notes to statement of revenue and certain expenses.

COLONIAL PLAZA MARKET CENTER
NOTES TO STATEMENT OF REVENUE AND CERTAIN EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2000

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The accompanying statement of revenue and certain expenses includes the operations of the Colonial Plaza Market Center ("Colonial"). Colonial was purchased by Weingarten Realty Investors (the "Company") on February 28, 2001 from Cousins Properties Incorporated. This acquisition, which represents the largest single asset purchase in the history of WRI, is a 480,000-square-foot power center in Orlando, Florida. The center was sold to Weingarten Realty Investors for \$54 million. Colonial Plaza Market Center is located on 46 acres on East Colonial Drive (Highway 50) at Bumby Avenue two miles from downtown Orlando. The center is anchored by Babies "R" Us, Barnes & Noble, Circuit City, Just For Feet, Linens 'N Things, Marshalls, Old Navy, Rhodes Furniture, Ross Dress For Less, Stein Mart and Staples. The Company is a Texas real estate investment trust, which is primarily involved in the acquisition, development, and management of real estate, consisting mostly of neighborhood and community shopping centers and, to a lesser extent, industrial properties.

Basis of Presentation - The accompanying statement was prepared to comply with the rules and regulations of the Securities and Exchange Commission for inclusion in Form 8-K of the Company.

The accompanying statement is not representative of the actual operations for the period presented as certain expenses that may not be comparable to the expenses expected to be incurred by the Company in the future operations of Colonial have been excluded. Excluded expenses consist of interest, depreciation and amortization, property expenses and general and administrative costs not directly comparable to the future operations of Colonial.

Revenue Recognition - Rental revenue is generally recognized on a straight-line basis over the life of the lease for operating leases. Tenant reimbursements (payments for taxes, maintenance expenses and insurance by the lessees) are estimated and accrued over the fiscal year.

Use of Estimates - The preparation of the financial statement requires management to make use of estimates and assumptions that affect amounts reported in the financial statement as well as certain disclosures. Actual results could differ from those estimates.

2. RENTALS UNDER OPERATING LEASES

Future minimum rental income from non-cancelable operating leases at December

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31, 2000 is:

2001	\$ 5,126,443
2002	4,696,840
2003	4,524,048
2004	4,311,204
2005	4,139,088
Thereafter . . .	\$19,344,865

Weingarten Realty Investors
 Pro Forma Condensed Statement of Consolidated Income
 Six Months Ended June 30, 2001
 (Unaudited)

(in thousands, except per share amounts)

This unaudited Pro Forma Condensed Statement of Consolidated Income and Pro Forma Condensed Balance Sheet are presented as if (A) the acquisitions of the acquired properties and (B) the acquisition of other properties, as set forth in the Notes and Significant Assumptions, had occurred as of January 1, 2001. In management's opinion, all adjustments necessary to reflect the effects of these transactions have been made. This unaudited Pro Forma Condensed Statement of Consolidated Income is not necessarily indicative of what actual results of operations would have been had these transactions occurred on January 1, 2001, nor does it purport to represent the results of operations for future periods.

	Historical	Adjustment for Acquired Properties (A)	Adjustment for Other Acquisitions (B)
	-----	-----	-----
Revenue:			
Rentals	\$ 143,511	\$ 10,616	\$ 7,289
Interest	1,785		17
Other	2,485	27	(58)
	-----	-----	-----
Total Revenue	147,781	10,643	7,248
	-----	-----	-----
Expenses:			
Operating	20,912	1,578	1,113
Ad Valorem Taxes	18,193	996	668
Depreciation & Amortization	32,466	1,540	1,149
Interest	25,395	5,159	3,318
General & Administrative	5,104	40	7
	-----	-----	-----

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Total Expenses	102,070	9,313	6,255
Income from Operations	45,711	1,330	993
Minority Interest in Income of Partnerships	(1,366)		
Gain on Sales of Property and Securities	4,984		
Equity in Earnings of Joint Ventures	2,054		
Net Income	\$ 51,383	\$ 1,330	\$ 993
Net Income Available to Common Shareholders:			
Shareholders:			
Basic	\$ 41,363	\$ 1,330	\$ 993
Diluted	\$ 41,427	\$ 1,330	\$ 993
Net Income per Common Share - Basic	\$ 1.33		
Net Income per Common Share - Diluted	\$ 1.33		
Weighted Average Number of Shares Outstanding:			
Basic	31,105		
Diluted	31,251		

Weingarten Realty Investors
Pro Forma Condensed Balance Sheet
As of June 30, 2001
(Unaudited)

(in thousands)

	Historical	Adjustment for Acquisitions	Pro Forma
Assets:			
Property	\$ 2,166,717	\$ 63,287	\$2,230,004
Accumulated Depreciation	(388,117)	(2,689)	(390,806)
Property - net	1,778,600	60,598	1,839,198
Investment in Real Estate Joint Ventures	27,458		27,458

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Total	1,806,058	60,598	1,866,656
Notes Receivable from Joint Ventures and Partnerships	43,499		43,499
Unamortized Debt and Lease Costs	37,814		37,814
Accrued Rent and Accounts Receivable	20,998		20,998
Other	31,763	5,012	36,775
	-----	-----	-----
Total	\$ 1,940,132	\$ 65,610	\$2,005,742
	=====	=====	=====
Liabilities and Equity:			
Debt	\$ 1,003,364	\$ 63,287	\$1,066,651
Accounts Payable and Accrued Expenses	59,815		59,815
Other	5,961		5,961
	-----	-----	-----
Total	1,069,140	63,287	1,132,427
	-----	-----	-----
Minority Interest	31,076		31,076
	-----	-----	-----
Shareholders' Equity	839,916	2,323	842,239
	-----	-----	-----
Total	\$ 1,940,132	\$ 65,610	\$2,005,742
	=====	=====	=====

WEINGARTEN REALTY INVESTORS
NOTES AND SIGNIFICANT ASSUMPTIONS
SIX MONTHS ENDED JUNE 30, 2001
(Unaudited)

(A) ACQUIRED PROPERTIES

The aggregate purchase price for the acquisitions described below (the "Acquired Properties") was \$332.2 million and was allocated between land and buildings, with the buildings being depreciated over a period of forty years. These purchases were funded under the Company's revolving credit facility (average rate of 5.50%) with the exception of a \$131.9 million of debt (average rate of 8.33%) which was assumed by the Company. Pro forma revenue and expenses, other than interest and depreciation, represent the historical amounts of the Acquired Properties.

On April 2, 2001, WRI purchased 19 supermarket-anchored shopping centers, aggregating 2.5 million square feet from Burnham Pacific Properties, Inc. These properties (the "Golden State Portfolio") are over 96% leased and are located in the Sacramento/San Francisco Bay area (13 properties) and in the Los Angeles area (six properties).

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On February 28, 2001, WRI purchased a 480,000-square-foot center in Orlando, Florida. Colonial Plaza Market Center is located on 46 acres on East Colonial Drive (Highway 50) at Bumby Avenue two miles from downtown Orlando. The center is anchored by Babies "R" Us, Barnes & Noble, Circuit City, Just For Feet, Linens 'N Things, Marshalls, Old Navy, Rhodes Furniture, Ross Dress For Less, Stein Mart and Staples.

B) OTHER ACQUISITIONS

The aggregate purchase price for the acquisitions described below (the "Other Acquisitions") totaled \$128.9 million. The purchase price is allocated between land and buildings, with the buildings being depreciated over a period of forty years. These purchases were or will be funded under the Company's revolving credit facility (average rate of 5.50%) with the exception of \$15,091 of debt (average interest rate of 8.12%) which was assumed by the Company. Pro forma revenue and expenses, other than interest and depreciation, represent the historical amounts of the Other Acquisitions.

On May 15, we acquired four supermarket-anchored shopping centers in the Memphis, Tennessee market area. Three of the centers are anchored by Kroger and the fourth is anchored by Seessel's (owned by Albertson's). Other anchor retailers include Walgreen Drugs and Stein Mart. These properties total nearly 617,000 square feet and were over 92% leased in the aggregate.

On June 6, we purchased the Venice Pines Shopping Center in Venice, Florida, our fourth property in the state of Florida. This 97,000 square foot center is anchored by Kash N Karry Supermarket and is 91% leased.

On June 29, we purchased Parkway Pointe Shopping Center in Cary, North Carolina, a suburb of Raleigh. Anchored by Food Lion, Eckerd Drugs and Ace Hardware, the center was 95% leased upon acquisition.

In August, we acquired the Boca Lyons Shopping Center in Boca Raton, Florida. This center is anchored by Ross Dress for Less, Ethan Allen Furniture, Sun Trust Bank and World Savings. This 113,000 square foot center was 94% leased upon acquisition.

In September, we purchased Winter Park Corners in Winter Park, Florida. This 103,000 square foot center is anchored by Whole Foods and the Orange County Courthouse and was 100% leased at the date of purchase.

On October 18, 2001, we purchased Oak Hill Industrial Park (I and II). This property is located in southwest Austin on Industrial Oaks Blvd., just north of I-71. It consists of two buildings constructed in two phases, in 1982 and 1984.

On October 25, 2001, we purchased Sunset Point Shopping Center in Clearwater, Florida. This 236,000 square foot center is anchored by Publix, Old Navy, Barnes & Noble and Eckerd's.

WEINGARTEN REALTY INVESTORS
STATEMENT OF ESTIMATED TAXABLE OPERATING RESULTS
AND CASH TO BE MADE AVAILABLE BY OPERATIONS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2001
(Unaudited)

(in thousands)

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Revenue	\$30,169
Expenses:	
Operating	4,124
Ad Valorem Taxes.	2,941
Depreciation & Amortization	4,611
Interest.	14,726

Total Expenses.	26,402

Estimated Taxable Operating Gain.	3,767
Add back depreciation & amortization.	4,611

Estimated Cash to be Made Available from Operations . . .	\$ 8,378
	=====