

WEINGARTEN REALTY INVESTORS /TX/

Form 10-Q

November 06, 2009

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

FORM 10-Q

(Mark One)

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

For the quarter ended September 30, 2009

OR

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

For the transition period from [] to []

Commission file number 1-9876

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

TEXAS
(State or other jurisdiction of incorporation or
organization)

74-1464203
(IRS Employer Identification No.)

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

77292-4133
(Zip Code)

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

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

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

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

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

Large accelerated filer x

Accelerated filer "

Non-accelerated filer "

Smaller reporting company "

(Do not check if a smaller reporting company)

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

As of October 31, 2009, there were 119,790,012 common shares of beneficial interest of Weingarten Realty Investors, \$.03 par value, outstanding.

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PART I-FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Revenues:				
Rentals, net	\$ 139,636	\$ 149,725	\$ 422,106	\$ 441,288
Other	4,908	4,242	12,321	10,310
Total	144,544	153,967	434,427	451,598
Expenses:				
Depreciation and amortization	37,159	35,368	112,836	115,281
Operating	25,733	26,045	76,014	77,151
Ad valorem taxes, net	18,275	19,967	55,012	54,620
Impairment loss	32,774		32,774	
General and administrative	6,178	5,816	19,198	19,774
Total	120,119	87,196	295,834	266,826
Operating Income	24,425	66,771	138,593	184,772
Interest Expense, net	(36,431)	(40,878)	(115,247)	(118,724)
Interest and Other Income, net	3,596	1,171	8,504	3,919
Gain on Redemption of Convertible Senior Unsecured Notes	16,453		25,311	
Equity in (Loss) Earnings of Real Estate Joint Ventures and Partnerships, net	(4,763)	5,151	2,783	15,537
Gain on Merchant Development Sales	491	1,418	18,619	8,240
Provision for Income Taxes	(4,364)	(701)	(7,071)	(2,991)
(Loss) Income from Continuing Operations	(593)	32,932	71,492	90,753
Operating (Loss) Income from Discontinued Operations	(1,294)	2,016	1,250	8,398
Gain on Sale of Property from Discontinued Operations	398	4,520	7,385	53,983
(Loss) Income from Discontinued Operations	(896)	6,536	8,635	62,381
Gain (Loss) on Sale of Property	994	(43)	12,374	101
Net (Loss) Income	(495)	39,425	92,501	153,235
Less: Net Income Attributable to Noncontrolling Interests	(20)	(2,515)	(2,894)	(6,968)
Net (Loss) Income Adjusted for Noncontrolling Interests	(515)	36,910	89,607	146,267
Dividends on Preferred Shares	(8,869)	(9,114)	(26,607)	(25,842)
Redemption Costs of Preferred Shares		(860)		(1,850)
Net (Loss) Income Attributable to Common Shareholders	\$(9,384)	\$ 26,936	\$ 63,000	\$ 118,575
Earnings Per Common Share - Basic:				

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(Loss) income from continuing operations attributable to common shareholders	\$(0.07)	\$0.24	\$0.51	\$0.67
(Loss) income from discontinued operations	(0.01	)	0.08	0.08	0.75
Net (loss) income attributable to common shareholders	\$(0.08	)	\$0.32	\$0.59	\$1.42
Earnings Per Common Share - Diluted:					
(Loss) income from continuing operations attributable to common shareholders	\$(0.07	)	\$0.24	\$0.51	\$0.67
(Loss) income from discontinued operations	(0.01	)	0.08	0.08	0.74
Net (loss) income attributable to common shareholders	\$(0.08	)	\$0.32	\$0.59	\$1.41
Comprehensive Income:					
Net (Loss) Income	\$(495	)	\$39,425	\$92,501	\$153,235
Other Comprehensive Income (Loss):					
Loss on derivatives					(7,204)
Amortization of loss on derivatives	620		605	1,862	1,469
Total	620		605	1,862	(5,735)
Comprehensive Income	125		40,030	94,363	147,500
Comprehensive Income Attributable to Noncontrolling Interests	(20	)	(2,515)	(2,894)	(6,968)
Comprehensive Income Adjusted for Noncontrolling Interests	\$105		\$37,515	\$91,469	\$140,532

See Notes to Condensed Consolidated Financial Statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except per share amounts)

	September 30, 2009	December 31, 2008
ASSETS		
Property	\$4,806,661	\$4,915,472
Accumulated Depreciation	(861,547)	(812,323)
Property Held for Sale, net	51,007	
Property, net	3,996,121	4,103,149
Investment in Real Estate Joint Ventures and Partnerships, net	311,353	357,634
Total	4,307,474	4,460,783
Notes Receivable from Real Estate Joint Ventures and Partnerships	323,141	232,544
Unamortized Debt and Lease Costs, net	109,661	119,464
Accrued Rent and Accounts Receivable (net of allowance for doubtful accounts of \$9,608 in 2009 and \$12,412 in 2008)	84,948	103,873
Cash and Cash Equivalents	104,694	58,946
Restricted Deposits and Mortgage Escrows	14,526	33,252
Other, net	92,854	105,350
Total	\$5,037,298	\$5,114,212
LIABILITIES AND EQUITY		
Debt, net	\$2,724,888	\$3,148,636
Accounts Payable and Accrued Expenses	152,022	179,432
Other, net	98,791	90,461
Total	2,975,701	3,418,529
Commitments and Contingencies		41,000
Equity:		
Shareholders' Equity:		
Preferred Shares of Beneficial Interest - par value, \$.03 per share; shares authorized: 10,000		
6.75% Series D cumulative redeemable preferred shares of beneficial interest; 100 shares issued and outstanding in 2009 and 2008; liquidation preference \$75,000	3	3
6.95% Series E cumulative redeemable preferred shares of beneficial interest; 29 shares issued and outstanding in 2009 and 2008; liquidation preference \$72,500	1	1
6.5% Series F cumulative redeemable preferred shares of beneficial interest; 140 shares issued and outstanding in 2009 and 2008; liquidation preference \$350,000	4	4
Common Shares of Beneficial Interest - par value, \$.03 per share; shares authorized: 150,000;		
shares issued and outstanding: 119,790 in 2009 and 87,102 in 2008	3,605	2,625
Accumulated Additional Paid-In Capital	1,949,308	1,514,940
Net Income Less Than Accumulated Dividends	(80,015)	(37,245)

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Accumulated Other Comprehensive Loss	(27,814)	(29,676)
Shareholders' Equity	1,845,092	1,450,652
Noncontrolling Interests	216,505	204,031
Total Equity	2,061,597	1,654,683
Total	\$5,037,298	\$5,114,212

See Notes to Condensed Consolidated Financial Statements.

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WEINGARTEN REALTY INVESTORS
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2009	2008
Cash Flows from Operating Activities:		
Net Income	\$92,501	\$153,235
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	115,291	120,133
Amortization of deferred financing costs and debt discounts	8,741	9,899
Impairment loss	35,889	
Equity in earnings of real estate joint ventures and partnerships, net	(2,783)	(15,537)
Gain on merchant development sales	(18,619)	(8,240)
Gain on sale of property	(19,759)	(54,084)
Gain on redemption of convertible senior unsecured notes	(25,311)	
Distributions of income from real estate joint ventures and partnerships	1,954	2,419
Changes in accrued rent and accounts receivable, net	11,200	(4,829)
Changes in other assets, net	(3,620)	(21,297)
Changes in accounts payable and accrued expenses	(14,403)	(28,385)
Other, net	8,156	4,209
Net cash provided by operating activities	189,237	157,523
Cash Flows from Investing Activities:		
Investment in property	(85,693)	(229,807)
Proceeds from sale and disposition of property, net	121,407	190,388
Change in restricted deposits and mortgage escrows	18,726	21,049
Notes receivable from real estate joint ventures and partnerships and other receivables:		
Advances	(92,293)	(109,610)
Collections	5,555	25,161
Real estate joint ventures and partnerships:		
Investments	(3,594)	(4,036)
Distributions of capital	12,701	16,298
Net cash used in investing activities	(23,191)	(90,557)
Cash Flows from Financing Activities:		
Proceeds from issuance of:		
Debt	556,040	386,660
Common shares of beneficial interest, net	439,097	2,786
Preferred shares of beneficial interest, net		118,013
Repurchase of preferred shares of beneficial interest, net		(195,824)
Principal payments of debt	(971,700)	(229,370)
Common and preferred dividends paid	(130,409)	(159,649)
Debt issuance costs paid	(5,633)	(958)

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Other, net	(7,693)	(1,177)
Net cash used in financing activities	(120,298)	(79,519)
Net increase (decrease) in cash and cash equivalents	45,748	(12,553)
Cash and cash equivalents at January 1	58,946	65,777
Cash and cash equivalents at September 30	\$ 104,694	\$ 53,224

See Notes to Condensed Consolidated Financial Statements.

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

	Preferred Shares of Beneficial Interest	Common Shares of Beneficial Interest	Treasury Shares of Beneficial Interest	Accumulated Additional Paid-In Capital	Net Income in Excess of 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					146,267		6,968	153,235
Issuance of Series F preferred shares	2			116,415	1,540			117,957
Redemption of Series G preferred shares	(2)			(193,548)	(1,850)			(195,400)
Shares issued in exchange for noncontrolling interests				368			(368)	-
Shares issued under benefit plans		9		7,835				7,844
Dividends declared – common shares (1)					(132,267)			(132,267)
Dividends declared – preferred shares (2)					(27,382)			(27,382)
Sale of properties with noncontrolling interests							65,359	65,359
Treasury shares cancelled (3)		(41)	41					-
Distributions to noncontrolling interests							(8,349)	(8,349)
Contributions from noncontrolling interests							634	634
Other comprehensive loss						(5,735)		(5,735)
Other, net							(2,599)	(2,599)

Balance, September 30, 2008	\$ 8	\$ 2,533	\$ -	\$ 1,416,566	\$ 17,947	\$ (21,210)	\$ 158,530	\$1,574,374
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- (1) Common dividends per share were \$1.575 for the nine months ended September 30, 2008.
- (2) Series D, E, F and G preferred dividends per share were \$37.97, \$130.31, \$121.88 and \$73.73, respectively, for the nine months ended September 30, 2008.
- (3) A total of 1.4 million common shares of beneficial interest were purchased in 2007 and subsequently retired on January 11, 2008.

	Preferred Shares of Beneficial Interest	Common Shares of Beneficial Interest	Accumulated Additional Paid-In Capital	Net Income Less Than Accumulated Dividends	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
Balance, January 1, 2009	\$ 8	\$ 2,625	\$ 1,514,940	\$ (37,245)	\$ (29,676)	\$ 204,031	\$ 1,654,683
Net income				89,607		2,894	92,501
Shares issued in exchange for noncontrolling interests		6	6,394			(6,400)	-
Issuance of common shares		966	438,089				439,055
Shares issued under benefit plans		8	4,043				4,051
Dividends declared – common shares (1)				(105,770)			(105,770)
Dividends declared – preferred shares (2)				(24,639)			(24,639)
Sale of properties with noncontrolling interests						23,521	23,521
Distributions to noncontrolling interests						(12,070)	(12,070)
Contributions from noncontrolling interests						4,518	4,518
Purchase and cancellation of convertible senior unsecured notes			(16,110)				(16,110)
Other comprehensive income					1,862		1,862
Other, net			1,952	(1,968)		11	(5)
Balance, September 30, 2009	\$ 8	\$ 3,605	\$ 1,949,308	\$ (80,015)	\$ (27,814)	\$ 216,505	\$ 2,061,597

- (1) Common dividends per share were \$1.025 for the nine months ended September 30, 2009.
- (2) Series D, E and F preferred dividends per share were \$37.97, \$130.31 and \$121.88, respectively, for the nine months ended September 30, 2009.

See Notes to Condensed Consolidated Financial Statements.

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WEINGARTEN REALTY INVESTORS
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Interim Financial Statements

Business

Weingarten Realty Investors is a real estate investment trust ("REIT") organized under the Texas Real Estate Investment Trust Act. 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 72.3 million square feet. We have a diversified tenant base with our largest tenant comprising only 2.6% of total rental revenues during 2009.

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

Basis of Presentation

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

The condensed consolidated financial statements included in this report are unaudited; however, amounts presented in the condensed consolidated balance sheet as of December 31, 2008 are derived from our audited financial statements at that date. In our opinion, all adjustments necessary for a fair presentation of such financial statements have been included. Such adjustments consisted of normal recurring items. Interim results are not necessarily indicative of results for a full year.

The condensed consolidated financial statements and notes are presented as permitted by Form 10-Q and certain information included in our annual financial statements and notes has been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2008.

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 condensed consolidated financial statements. Actual results could differ from these estimates.

Impairment

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

If such an event occurs for our properties, 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. Our carrying amounts are adjusted, if necessary, to the estimated fair value to reflect impairment in the value of the

asset. Fair values are determined by management utilizing cash flow models and market discount rates, or by obtaining third-party broker and appraisal estimates.

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Due to our analysis of current economic considerations at each reporting period, including the effects of tenant bankruptcies, lack of credit available to retailers, the suspension of tenant expansion plans for new development projects and declines in real estate values, plans related to our new development properties including land held for development changed, and resulted in an impairment charge. Impairments, primarily related to our new development properties, of \$35.2 million and \$35.9 million were recognized for the three months and nine months ended September 30, 2009, respectively. No impairment was recognized in the related periods of 2008. Determining whether a property is impaired and, if impaired, the amount of required 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 managements' plans for certain properties change, additional write-downs could be required in the future.

Our investment in real estate joint ventures and partnerships is reviewed for impairment, if events or circumstances change indicating that the carrying amount of an investment may not be recoverable. 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 is other than temporary. Based on our analysis of the facts and circumstances at each reporting period, no impairment on these investments was recorded for the three or nine months ended September 30, 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.

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 September 30, 2009 and December 31, 2008, we had \$1.6 million and \$22.5 million of restricted cash, respectively, and \$12.9 million and \$10.8 million held in escrow related to our mortgages for each period, respectively.

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):

	Three Months Ended September 30, 2009		September 30, 2008	
Numerator:				
Net (loss) income attributable to common shareholders – basic and diluted	\$(9,384	) \$26,936	\$63,000	\$118,575
Denominator:				
Weighted average shares outstanding – basic	119,384	83,795	106,186	83,739
Effect of dilutive securities:				
Share options and awards		521	559	549
Operating partnership units				
Weighted average shares outstanding – diluted	119,384	84,316	106,745	84,288

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Options to purchase common shares of beneficial interest (“common shares”) of 3.1 million for both the three and nine months ended September 30, 2009 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 period. For the three and nine months ended September 30, 2008, options to purchase common shares of 2.0 million and 1.2 million, 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 period. Operating partnership units of 2.1 million and 2.0 million, respectively, for the three and nine months ended September 30, 2009, and 2.4 million for both the three and nine months ended September 30, 2008 were not included in the calculation of net income per common share – diluted because these units had an anti-dilutive effect.

Cash Flow Information

We issued common shares valued at \$6.4 million and \$.4 million for the nine months ended September 30, 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 \$21.8 million and \$23.4 million as of September 30, 2009 and 2008, respectively, associated with the construction of property. Cash payments for interest on debt, net of amounts capitalized, of \$133.8 million and \$137.6 million were made during the nine months ended September 30, 2009 and 2008, respectively. A cash payment of \$3.1 million and \$4.9 million for income taxes was made during the nine months ended September 30, 2009 and 2008.

In connection with the sale of improved properties, we received notes receivable totaling \$.2 million and \$3.6 million during the nine months ended September 30, 2009 and 2008, respectively. During the nine months ended September 30, 2008, we assumed \$.6 million and \$8.5 million, respectively, of noncontrolling interests and net assets and liabilities in association with property acquisitions and investments in unconsolidated real estate joint ventures.

Accumulated Other Comprehensive Loss

As of September 30, 2009, the balance in accumulated other comprehensive loss relating to derivatives and our retirement liability was \$15.0 million and \$12.8 million, respectively. As of December 31, 2008, the balance in accumulated other comprehensive loss relating to derivatives and our retirement liability was \$16.9 million and \$12.8 million, respectively.

Reclassifications

The reclassification of prior years’ operating results for the three and nine months ending September 30, 2008 for certain properties to discontinued operations was made to conform to the current year presentation. For the nine months ended September 30, 2008, we also reclassified in our Condensed Consolidated Statement of Cash Flows amortization of deferred financing costs from changes in other assets, net to amortization of deferred financing costs and debt discount to conform to 2009 classification. These reclassifications had no impact on previously reported net income, earnings per share, the condensed consolidated balance sheet or cash flows from operating activities.

Retrospective Application of Accounting Principles

The retrospective application of adopting new accounting principles on prior years’ condensed consolidated financial statements was made to conform to the current year presentation. The impact of these changes is described in Note 2.

Subsequent Events

We have evaluated subsequent events through November 6, 2009, which is the date these condensed consolidated financial statements were issued.

Note 2. Newly Issued Accounting Pronouncements

The Financial Accounting Standards Board (“FASB”) issued Accounting Standard Codification (“ASC”) update to ASC 820, “Fair Value Measurements and Disclosures”, which deferred the provisions of implementation of fair value reporting relating to nonfinancial assets and liabilities, and delayed implementation by us until January 1, 2009. Adoption of the update to this codification has not materially affected our financial statements.

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In December 2007, the FASB issued an update to ASC 805, “Business Combinations.” The update expands the original guidance’s definition of a business. It broadens the fair value measurement and recognition to all assets acquired, liabilities assumed and interests transferred as a result of business combinations. The revision requires expanded disclosures to improve the ability to evaluate the nature and financial effects of business combinations. The update is effective for us for business combinations made on or after January 1, 2009. Due to current economic conditions, we do not plan any significant acquisitions in 2009, thereby upon adoption, there was no material effect. However, this update could have a material effect on our accounting for the future acquisition of properties.

In December 2007, the FASB issued an update to ASC 810, “Consolidation.” The update requires that, in most cases, a noncontrolling interest in a consolidated entity be reported as equity and any losses in excess of a consolidated entity’s equity interest be recorded to the noncontrolling interest. The statement requires fair value measurement of any noncontrolling equity investment retained in a deconsolidation. This update was effective for us on January 1, 2009, and many provisions required retrospective application. The adoption has resulted in an increase to equity in the Condensed Consolidated Balance Sheet as of December 31, 2008 of \$204.0 million for the reclassification of minority interest to equity for noncontrolling interest in consolidated entities. Net income in the Condensed Consolidated Statement of Income and Comprehensive Income for the nine months ended September 30, 2008 has increased by \$7.0 million for the reclassification of income allocated to minority interests; however, net income attributable to common shareholders and earnings per common share – basic and diluted were not affected by this reclassification. Additional disclosures due to the implementation are included in Note 19.

In March 2008, the FASB issued an update to ASC 815, “Derivative and Hedging.” The update requires enhanced disclosures about an entity’s derivative and hedging activities. The update was effective for us on January 1, 2009. Implementation has resulted in additional disclosures included in Note 4.

In May 2008, the FASB issued updates to ASC 470 “Debt” and ASC 505 “Equity.” The updates require that the initial debt proceeds from the sale of our convertible and exchangeable senior debentures be allocated between a liability component and an equity component in a manner that will reflect our effective nonconvertible borrowing rate. The resulting debt discount will be amortized using the effective interest method over the period the debt is expected to be outstanding as additional interest expense. The updates were effective for us on January 1, 2009 and required retroactive application. Upon adoption, the Condensed Consolidated Balance Sheet as of December 31, 2008 was adjusted to reflect a reduction in debt of approximately \$22.9 million for the unamortized debt discount; accumulated additional paid-in capital increased by approximately \$39.5 million; and net income less than accumulated dividends increased by approximately \$17.1 million. The Condensed Consolidated Statement of Income and Comprehensive Income for the nine months ended September 30, 2008 was adjusted for incremental interest expense of \$6.3 million, which reduced both earnings per common share – basic and diluted by approximately \$0.07.

In November 2008, the FASB updated ASC 323 “Investments – Equity Method and Joint Ventures.” The update requires an investment accounted for under the equity method to be evaluated and recorded in accordance with ASC 805 “Business Combinations” definition of business combinations and modeling. The update is effective for us for equity method investments made on or after January 1, 2009. Upon adoption, there was no material impact to our financials statements.

In April 2009, the FASB updated ASC 825, “Financial Instruments.” The update requires annual disclosures to be made also during interim reporting periods. Implementation has resulted in certain additional disclosures included in Note 16.

In May 2009, the FASB issued an update to ASC 855, “Subsequent Events,” which establishes general standards of accounting and disclosure for events that occur subsequent to the balance sheet date but before financial statements are issued or are available to be issued. The update requires us to disclose the date through which we have evaluated

our subsequent events and the basis for that date. Implementation has resulted in an additional disclosure included in Note 1.

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In June 2009, the FASB issued Statement of Financial Accounting Standards No. 167 ("SFAS 167"), "Amendments to FASB Interpretation No. 46(R)." SFAS 167 was intended to improve an organization's variable interest entity reporting. SFAS 167 will require a change in the analysis used to determine whether an entity has a controlling financial interest in a variable interest entity. The analysis will be used to identify the primary beneficiary of a variable interest entity. The holder of the variable interest will be defined as the primary beneficiary if it has both the power to influence the entity's significant economic activities and the obligation to absorb potentially significant losses or receive potentially significant benefits. SFAS 167 also requires additional disclosures about an entity's variable interest entities. This statement is effective for us on January 1, 2010. We are currently evaluating the impact that the adoption of SFAS 167 will have on our consolidated financial statements.

In August 2009, the FASB issued Accounting Standards Update No. 2009-05 ("ASU 2009-05"), "Measuring Liabilities at Fair Value." ASU 2009-05 provides clarification for valuing liabilities in which a quoted market price in an active market for an identical liability is not available. The guidance also provides required techniques to determine a liability's fair value in this circumstance. The update is effective for us beginning October 1, 2009 and adoption of ASU 2009-05 will not materially affect our consolidated financial statements.

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 which party absorbs a majority of the expected losses or a majority of the expected residual returns of the VIE, or both. 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. Assets held by VIEs which are currently consolidated approximate \$293.3 million and \$241.9 million at September 30, 2009 and December 31, 2008, respectively. Entities for which we are the primary beneficiary and we consolidate are described below.

In March 2008, we contributed 18 neighborhood/community shopping centers located in Texas with an aggregate fair value of approximately \$227.5 million, and aggregating more than 2.1 million square feet, to a joint venture. The activities of this venture principally consist of owning and operating these shopping centers. We sold an 85% interest in this joint venture to AEW Capital Management on behalf of one of its institutional clients and received proceeds of approximately \$216.1 million. Financing totaling \$154.3 million was placed on the properties and guaranteed solely by us, for tax planning purposes. This venture is deemed to be a VIE and, due to our guaranty of the debt, we are the primary beneficiary and have consolidated this joint venture. Our maximum exposure to loss associated with this joint venture is primarily limited to our guaranty of the debt, which was approximately \$154.3 million at September 30, 2009.

We also contributed eight neighborhood/community shopping centers with an aggregate fair value of approximately \$205.1 million, and aggregating approximately 1.1 million square feet, to a joint venture in November 2008. Four of these shopping centers are located in Texas, two in Tennessee and one each in Florida and Georgia. The activities of this venture principally consist of owning and operating these shopping centers. We sold a 70% interest in this joint venture to Hines REIT Retail Holdings, LLC and received proceeds of approximately \$121.8 million. Financing totaling \$100.0 million was placed on the properties and guaranteed solely by us, for tax planning purposes.

During the first quarter of 2009, we contributed the final four properties to the joint venture with Hines REIT Retail Holdings, LLC with an aggregate fair value of approximately \$66.8 million, and aggregating approximately 0.4 million square feet. These four shopping centers are located one each in Florida and North Carolina and two in Georgia, and we received net proceeds of approximately \$20.6 million. These contributions included loan assumptions on each of the properties, which transferred secured debt totaling approximately \$34.6 million to the joint venture and

guaranteed solely by us. This venture is deemed to be a VIE and, due to our guaranty of the debt, we are the primary beneficiary and have consolidated this joint venture. Our maximum exposure to loss associated with this joint venture is primarily limited to our guaranty of the debt, which was approximately \$114.0 million at September 30, 2009.

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Restrictions on the use of these assets are significant because they are secured as collateral for their debt, and we would be required to obtain our partners' approval in accordance with the partnership 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.

In addition, we have an unconsolidated joint venture with an interest in an entity which is deemed to be a VIE. In July 2008, a 47.75%-owned unconsolidated real estate joint venture acquired an 83.34% interest in a joint venture owning a 919,000 square foot new development to be constructed in Aurora, Colorado. The unconsolidated joint venture guaranteed the debt obtained by the acquired joint venture. The unconsolidated joint venture's maximum exposure to loss is limited to the guaranty of the debt, which was approximately \$43.0 million at September 30, 2009.

Note 4. Derivatives and Hedging

In order 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 swaps with major financial institutions. We recognize all derivatives as either assets or liabilities at fair value and have designated our current interest rate swaps as fair value hedges of fixed rate borrowings. At September 30, 2009 and December 31, 2008, we had two interest rate swap contracts designated as fair value hedges with an aggregate notional amount of \$50.0 million that convert fixed interest payments at rates of 4.2% to variable interest payments of .3% and 2.0% at September 30, 2009 and December 31, 2008, respectively. 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.

Changes in the fair value of interest rate swap 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. For the three and nine months ended September 30, 2009 and 2008, these changes in fair value offset.

A summary of the offsetting loss or gain on the interest rate swaps is as follows (in thousands):

Income Statement Classification	Gain (Loss) on Swaps	Gain (Loss) on Borrowings
Three Months Ended September 30, 2009:		
Interest expense, net	\$ 150	\$ (150)
Nine Months Ended September 30, 2009:		
Interest expense, net	\$ (1,670)	\$ 1,670

The derivative instruments at September 30, 2009 and December 31, 2008 were reported at their fair values in other assets, net of accrued interest, of \$3.2 million and \$4.6 million, respectively. We had no derivative instruments reported in other liabilities at September 30, 2009 and December 31, 2008, respectively.

As of September 30, 2009 and December 31, 2008, the balance in accumulated other comprehensive loss relating to settled cash flow interest rate contracts was \$15.0 million and \$16.9 million, respectively. Amounts amortized to interest expense, net were \$.6 million each during the three months ended September 30, 2009 and 2008, and \$1.9 million and \$.9 million during the nine months ended September 30, 2009 and 2008, respectively. Within the next 12 months, approximately \$2.5 million of the balance in accumulated other comprehensive loss is expected to be amortized to interest expense.

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For the three and nine months ended September 30, 2009, the interest rate swaps decreased interest expense, net and increased net income by \$.5 million and \$1.3 million, respectively. The decrease in our average interest rate of our debt was .07% and .06% for the three and nine months ended September 30, 2009, respectively. For the three and nine months ended September 30, 2008, the interest rate swaps decreased interest expense, net and increased net income by \$.1 million and \$.5 million, respectively, and decreased the average interest rate of our debt by .02% for both periods. We could be exposed to losses in the event of nonperformance by the counter-parties; however, management believes such nonperformance is unlikely.

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

Derivatives Hedging Relationships	Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income	Amount of Gain (Loss) Reclassified from Accumulated 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
Three Months Ended September 30, 2009:				
Cash Flow Interest Rate Contracts	Interest expense, net	\$ (620)		
Fair Value Interest Rate Contracts			Interest expense, net	\$ 150
Nine Months Ended September 30, 2009:				
Cash Flow Interest Rate Contracts	Interest expense, net	\$ (1,862)		
Fair Value Interest Rate Contracts			Interest expense, net	\$ (1,670)

Note 5. Debt

Our debt consists of the following (in thousands):

	September 30, 2009	December 31, 2008
Debt payable to 2030 at 4.5% to 8.8%	\$2,502,032	\$2,732,574
Unsecured notes payable under revolving credit agreements	190,000	383,000
Obligations under capital leases	29,725	29,725
Industrial revenue bonds payable to 2015 at 0.5% to 2.4%	3,131	3,337
Total	\$2,724,888	\$3,148,636

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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):

	September 30, 2009	December 31, 2008
As to interest rate (including the effects of interest rate swaps):		
Fixed-rate debt	\$2,465,988	\$2,699,609
Variable-rate debt	258,900	449,027
Total	\$2,724,888	\$3,148,636
As to collateralization:		
Unsecured debt	\$1,503,897	\$2,116,491
Secured debt	1,220,991	1,032,145
Total	\$2,724,888	\$3,148,636

We have a \$575 million unsecured revolving credit facility held by a syndicate of banks that expires in February 2010 and provides a one-year extension option available at our request. Borrowing rates under this facility float at a margin over LIBOR, plus a facility fee. The borrowing margin and facility fee, which are currently 60.0 and 15.0 basis points, respectively, are priced off a grid that is tied to our senior unsecured credit ratings. This facility retains a competitive bid feature that allows us to request bids for amounts up to \$287.5 million from each of the syndicate banks, potentially allowing us to obtain pricing below what we would pay using the pricing grid.

At September 30, 2009 and December 31, 2008, the balance outstanding under the revolving credit facility was \$190.0 million at a variable interest rate of 0.9% and \$383.0 million at a variable interest rate of 1.6%, respectively. We also have an agreement for a \$30 million unsecured and uncommitted overnight facility with a bank that we use for cash management purposes, of which no amounts were outstanding at September 30, 2009 and December 31, 2008. Letters of credit totaling \$10.0 million and \$10.1 million were outstanding under the revolving credit facility at September 30, 2009 and December 31, 2008, respectively. The available balance under our revolving credit agreement was \$375.0 million and \$181.9 million at September 30, 2009 and December 31, 2008, respectively. During the nine months ended September 30, 2009, the maximum balance and weighted average balance outstanding under these facilities were \$423.0 million and \$212.4 million, respectively, at a weighted average interest rate of 1.4%. During 2008, the maximum balance and weighted average balance outstanding under both facilities combined were \$503.0 million and \$362.0 million, respectively, at a weighted average interest rate of 3.4%. At September 30, 2009, we had \$69.3 million invested in overnight cash instruments and none at December 31, 2008.

In May 2009, we entered into a \$103 million secured loan from a major 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 July 2009, we entered into a \$70.8 million secured loan from a major 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 major 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 \$575 million revolving credit facility.

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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 \$575 million revolving credit facility.

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. We realized an \$8.9 million gain on the extinguishment of this debt.

During 2009, we made a cash tender offer for up to \$427.9 million face value on a series of unsecured notes and our convertible senior unsecured notes. We completed the first tier of the offering in June for a total face value of \$102.9 million, of which \$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 2011 were purchased at par by us.

In July 2009, we completed the tender offer for an additional \$319.7 million face value of our 3.95% convertible senior unsecured notes due 2026, purchased for \$311.1 million, including interest and expenses. This transaction resulted in a gain of \$16.5 million.

At September 30, 2009 and December 31, 2008, we have \$135.2 million and \$537.2 million face value of 3.95% convertible senior unsecured notes outstanding due 2026, respectively. These bonds are recorded at a discount of \$4.2 million and \$22.9 million as of September 30, 2009 and December 31, 2008, respectively, resulting in an effective rate 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.

Subsequent to September 30, 2009, we entered into a \$26.6 million secured loan from a major 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 November 2008, we contributed assets to a joint venture with an institutional investor. In conjunction with this transaction, the joint venture issued \$100.0 million of fixed-rate secured long-term debt with a five year term at a rate of 6.0% that we guaranteed. The net proceeds received from the issuance of this debt were distributed to us and used to reduce amounts outstanding under our \$575 million revolving credit facility.

In March 2008, we contributed assets to a joint venture with an institutional investor. In conjunction with this transaction, the joint venture issued \$154.3 million of fixed-rate secured long-term debt with an average life of 7.3 years at an average rate of 5.4% that we guaranteed. We received all of the proceeds from the issuance of this debt and such proceeds were used to reduce amounts outstanding under our \$575 million revolving credit facility.

In January 2008, we elected to repay at par a fixed-rate 8.33% mortgage totaling \$121.8 million that was collateralized by 19 supermarket-anchored shopping centers in California.

Various leases and properties, and current and future rentals from those lease and properties, collateralize certain debt. At September 30, 2009 and December 31, 2008, the carrying value of such property aggregated \$2.0 billion and \$1.8 billion, respectively.

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Scheduled principal payments on our debt (excluding \$190.0 million due under our revolving credit agreements, \$21.0 million of certain capital leases, \$3.2 million fair value of interest rate swaps, (\$4.2) million discount on convertible bonds, and \$18.4 million of non-cash debt-related items) are due during the following years (in thousands):

2009 remaining	\$ 13,986
2010	115,934
2011	219,832
2012	342,592
2013	417,797
2014	384,475
2015	253,992
2016	215,850
2017	119,005
2018	55,040
Thereafter	357,932
Total	\$2,496,435

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 September 30, 2009.

Note 6. Preferred Shares

In June and July of 2008, we redeemed \$120 million and \$80 million of depositary shares, respectively, retiring all of the Series G Cumulative Redeemable Preferred Shares. Each depositary share represented one-hundredth of a Series G Cumulative Redeemable Preferred Share. These depositary shares were redeemed, at our option, at a redemption price of \$25 multiplied by a graded rate per depositary share based on the date of redemption plus any accrued and unpaid dividends thereon. Upon the redemption of these shares, the related original issuance costs of \$1.9 million were reported as a deduction in arriving at net income attributable to common shareholders. The Series G Preferred Shares paid a variable-rate quarterly dividend through July 2008 calculated on the period's three-month LIBOR rate plus a percentage determined by the number of days outstanding.

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%. Net proceeds of \$117.8 million and \$194.0 million from the issuance in June 2008 and January 2007, respectively, were used to repay amounts outstanding under our revolving credit facilities and for other general corporate purposes. Subsequent to the 2008 issuance, our revolving credit facilities were used to finance the partial redemption of the Series G Cumulative Redeemable Preferred Shares as described above.

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.

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In April 2003, \$75 million of depositary shares were issued 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 7. Common Shares of Beneficial Interest

In July 2007, our Board of Trust Managers authorized a common share repurchase program as part of our ongoing investment strategy. Under the terms of the program, we could purchase up to a maximum value of \$300 million of our common shares during the following two years. This program expired in July 2009, and no additional shares were repurchased.

In October 2008, we sold 3.0 million common shares at \$34.20 per share. Net proceeds from this offering were \$98.1 million and were used to repay indebtedness outstanding under our revolving credit facilities and for other general corporate purposes.

On March 12, 2009, we entered into an ATM Equity Offering Sales Agreement with Merrill Lynch, Pierce, Fenner & Smith Incorporated, which is a continuous equity program relating to our common shares with an aggregate sales price of up to \$125.0 million. No shares were issued under this program. Upon the completion of our equity offering in April 2009, we terminated this agreement and program.

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.

In April 2009, our Board of Trust Managers authorized a reduction of our quarterly dividend rate per share of \$.525 to \$.25 commencing with the second quarter 2009 distribution.

Note 8. Property

Our property consisted of the following (in thousands):

	September 30, 2009	December 31, 2008
Land	\$932,742	\$964,982
Land held for development	155,116	118,078
Land under development	33,606	101,587
Buildings and improvements	3,529,669	3,488,385
Construction in-progress	155,528	242,440
Total	\$4,806,661	\$4,915,472

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The following carrying charges were capitalized (in thousands):

	Three Months Ended September 30, 2009		Nine Months Ended September 30, 2009	
	2009	2008	2009	2008
Interest	\$1,435	\$5,236	\$7,454	\$15,376
Ad valorem taxes	202	627	1,190	2,032
Total	\$1,637	\$5,863	\$8,644	\$17,408

During the nine months ended September 30, 2009, we invested \$41.5 million in new development projects, and we sold four shopping centers, an industrial project and six retail buildings at four operating properties. Gross sales proceeds from these dispositions totaled \$68.3 million and generated gains of \$19.7 million.

An impairment charge, as described in Note 1, of \$35.9 million was recognized for the nine months ended September 30, 2009 and none for the related period of 2008.

Subsequent to September 30, 2009, we sold nine operating properties, seven of which were located in Texas and one each in Arizona and North Carolina, and a retail building in Arizona, for approximately \$76.9 million.

Furthermore 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. We closed on four properties with a total value of \$114.3 million. The remaining two properties will be contributed upon the assumption of their loans.

Note 9. Discontinued Operations

During the first nine months of 2009, we sold four shopping centers and an industrial project, four of which were located in Texas and one in North Carolina. Also, as of September 30, 2009, we classified six properties as held for sale. These six properties, two of which are located in Texas and New Mexico and one each in Arizona and North Carolina, had a net book value of \$51.0 million as of September 30, 2009. During 2008, one industrial center located in Texas and nine shopping centers, five of which were located in Texas, one in California and three in Louisiana, were sold. 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 Condensed Consolidated Statements of Income and Comprehensive Income. Revenues recorded in operating (loss) income from discontinued operations for the three months ended September 30, 2009 and 2008, totaled \$2.8 million and \$5.0 million, respectively, and \$10.6 million and \$19.7 million for the nine months ended September 30, 2009 and 2008, respectively. Included in the Condensed Consolidated Balance Sheet at December 31, 2008 were \$39.1 million of property and \$15.0 million of accumulated depreciation related to the properties sold during the nine months ended September 30, 2009.

Discontinued operations reported in 2009 and 2008 had no debt that was required to be repaid upon their disposition. As of September 30, 2009, a property classified as held for sale had outstanding debt of \$9.1 million, which will be assumed by the purchaser.

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

For the three and nine months ended September 30, 2009, an impairment loss of \$2.4 million and \$3.1 million, respectively, was reported in discontinued operations. No impairment was recognized in the related periods of 2008.

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Note 10. 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 2.1% to 8.0% at September 30, 2009 and 2.8% to 10.0% at December 31, 2008. 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. Interest income recognized on these notes was \$1.2 million for both the three months ended September 30, 2009 and 2008, and \$3.2 million and \$2.9 million for the nine months ended September 30, 2009 and 2008, respectively.

Note 11. Related Parties

Through our management activities and transactions with our real estate joint venture and partnerships, we had accounts receivable of \$1.2 million and \$2.0 million outstanding as of September 30, 2009 and December 31, 2008, respectively. We also had accounts payable and accrued expenses of \$9.8 million and \$10.2 million outstanding as of September 30, 2009 and December 31, 2008, respectively. For the three months ended September 30, 2009 and 2008, we recorded joint venture fee income of \$1.3 million and \$1.4 million, respectively. For the nine months ended September 30, 2009 and 2008, we recorded joint venture fee income of \$4.2 million and \$4.4 million, respectively.

Note 12. 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):

	September 30, 2009	December 31, 2008
Combined Condensed Balance Sheets		
Property	\$1,970,181	\$1,951,771
Accumulated depreciation	(160,541)	(129,227)
Property, net	1,809,640	1,822,544
Other assets, net	234,844	256,688
Total	\$2,044,484	\$2,079,232
Debt, net (primarily mortgage payables)	\$438,128	\$472,486
Amounts payable to Weingarten Realty Investors	337,956	248,969
Other liabilities, net	92,216	149,265
Total	868,300	870,720
Accumulated equity	1,176,184	1,208,512
Total	\$2,044,484	\$2,079,232

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	Three Months Ended September 30, 20092008		Nine Months Ended September 30, 20092008	
Combined Condensed Statements of Income				
Revenues, net	\$42,237	\$39,021	\$128,261	\$117,344
Expenses:				
Depreciation and amortization	14,204	10,868	40,702	30,099
Interest, net	7,871	5,491	22,470	14,808
Operating	8,507	6,218	23,612	19,146
Ad valorem taxes, net	5,084	4,480	15,915	13,834
General and administrative	1,581	809	4,144	1,786
Impairment loss	6,923		6,923	
Total	44,170	27,866	113,766	79,673
Gain on merchant development sales		443		933
Gain (loss) on sale of property		(3)	11	35