

WEINGARTEN REALTY INVESTORS /TX/  
Form 10-K  
February 29, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

**FORM 10-K**

(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, 2011

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, including area code)

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

Title of Each Class

Name of Each Exchange on Which Registered

## Edgar Filing: WEINGARTEN REALTY INVESTORS /TX/ - Form 10-K

|   |                         |
|---|-------------------------|
| Common Shares of Beneficial Interest, \$0.03 par value            | New York Stock Exchange |
| Series D Cumulative Redeemable Preferred Shares, \$0.03 par value | New York Stock Exchange |
| 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

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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, 2011 (based upon the closing sale price on the New York Stock Exchange of \$25.16) was \$2,788,154,566.

As of January 31, 2012, there were 120,846,358 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 8, 2012 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) the ability to dispose of properties, (ix) changes in expected development activity, (x) increases in operating costs, (xi) tax matters, including failure to qualify as a real estate investment trust, could have adverse consequences and (xii) 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.

## **PART I**

### **ITEM 1. Business**

*General.* Weingarten Realty Investors is a real estate investment trust ( REIT ) organized under 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 provide property management services for both joint ventures in which we are partners and for other outside owners for which we charge fees.

At December 31, 2011, we owned or operated under long-term leases, either directly or through our interest in real estate joint ventures or partnerships, a total of 380 developed income-producing properties and 11 properties under various stages of construction and development. The total number of properties includes 313 neighborhood and community shopping centers, 75 industrial projects and three other operating properties located in 23 states spanning the country from coast to coast. The portfolio of properties is approximately 76.1 million square feet.

We also owned interests in 40 parcels of land held for development that totaled approximately 30.0 million square feet.

At December 31, 2011, we employed 370 full-time persons; 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 10 regional offices located in various parts of the United States ( U.S. ).

*Financial Information about Segments.* We are primarily in the business of owning, managing and developing retail shopping centers. To a lesser extent, we own and manage industrial properties and other operating properties. See the Consolidated Financial Statements and Notes thereto included in Item 8 of this Annual Report on Form 10-K for further information regarding our reportable segments.

*Investment and Operating Strategy.* Our strategy is to remain a leader in owning and operating top tier neighborhood and community shopping centers in the U.S. We will accomplish this by focusing on core operating fundamentals through continuing our 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 remain committed to maintaining a conservatively leveraged balance sheet, a well-staggered debt maturity schedule and strong credit agency ratings.

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During 2011, we announced our strategic initiative to dispose of over \$600 million of non-core operating properties over the next few years, which will recycle capital for growth opportunities and strengthen our operating fundamentals. In the course of executing this disposition plan, given proper pricing, we will consider selling both retail and industrial properties. To date, we have successfully disposed of \$155.6 million, either directly or through our interest in real estate joint ventures or partnerships, and have approximately \$76.9 million currently under contracts or letters of intent.

The proceeds generated by this program will be used to reduce outstanding debt, further deleveraging our balance sheet. Furthermore, we will have positioned ourselves to take advantage of growth opportunities as they present themselves as the economy improves. Competition for quality acquisition opportunities remains substantial; nevertheless, we have been successful in identifying selected properties that meet our return hurdles, and we will continue to actively evaluate other opportunities as they enter our target markets.

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 or to obtain control over a real estate asset that we desire to own. 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.

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.

At December 31, 2011, neighborhood and community shopping centers generated 89.0% of total revenue and industrial properties accounted for 9.1%. We expect to continue our focus on the future growth of the portfolio in neighborhood and community centers in markets where we currently operate and may expand to other markets throughout the U.S.

Diversification from both a geographic and tenancy perspective is a critical component of our operating strategy. While approximately 32.7% of the building square footage of our properties is located in Texas, we continue to look for opportunities to expand our holdings outside the state. With respect to tenant diversification, our two largest tenants accounted for 3.2% and 2.0%, respectively, of our total rental revenues for the year ended December 31, 2011. No other tenant accounted for more than 1.8% of our total rental revenues.

We finance our growth and working capital needs in a conservative manner. Our senior debt credit ratings were BBB from Standard & Poors and Baa2 from Moody's Investor Services as of December 31, 2011 and 2010. 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, 2011, our ratio of earnings to combined fixed charges and preferred dividends as defined by the Securities and Exchange Commission (SEC), not based on funds from operations, was 1.04 to 1 and our debt to total assets before depreciation was 44.7%.

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

*Location of Properties.* Our properties are located in 23 states, primarily throughout the southern half of the country. As of December 31, 2011, we have 391 properties which were owned or operated under long-term leases either directly or through our interests in real estate joint ventures or partnerships. Net operating income generated by our properties located in Houston and its surrounding areas was 21.7%, and an additional 11.6% of net operating income is generated from properties that are located in other parts of Texas. We also have 40 parcels of land held for development, 11 of which are located in Houston and its surrounding areas and nine 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.

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*Economic Factors.* While downside risks still exist, most economic indicators suggest that the economic recovery is gaining strength. Consumer confidence has begun to rebound from historical low levels, credit availability is improving, and retail sales showed growth through 2011. Sales will likely continue to trend upward though at a decreased rate, causing year over year comparisons to be more difficult. 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 2012. 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 market analysis has identified stronger interest for top tier shopping centers where easier availability for credit has resulted in higher prices. Second and third tier properties have continued to see pricing constraints. In light of these trends, we have continued to dedicate internal resources to evaluate available assets in our key markets and 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.

We also compete for tenants to occupy the space that is developed, acquired and managed by our competitors or us. The principal competitive factors in attracting tenants in our market areas are location, price, anchor tenants and maintenance of properties. We believe our key 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](http://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](http://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 44 through 89 herein.

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### **ITEM 1A. Risk Factors**

The risks described below could materially and adversely affect our results of operations, financial condition, liquidity and cash flows. In addition to these risks, our operations may also be affected by additional factors not presently known or that we currently consider immaterial to our operations.

#### **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 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 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 and political 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;





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- ; Competition from other available space;
- ; 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 cost 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 ( CMBS ) 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.

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**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, ongoing volatility in European capital markets, 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.

**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):

- i Delay lease commencements;
- i Decline to extend or renew leases upon expiration;
- i Fail to make rental payments when due; or
- i 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.

**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.

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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.

### **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:

- i We may abandon development opportunities after expending resources to determine feasibility;
- i Construction costs of a project may exceed our original estimates;
- i Occupancy rates and rents at a newly completed property may not be sufficient to make the property profitable;
- i Rental rates could be less than projected;
- i 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);
- i Financing may not be available to us on favorable terms for development of a property;
- i We may not complete construction and lease-up on schedule, resulting in increased debt service expense and construction costs; and
- i 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.

### **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:

- i Our cash flow may not satisfy required payments of principal and interest;



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- ; 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.

**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 or the liquidation plans of its underlying properties.**

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.

**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.

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### **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:

- i 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;
- i 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
- i 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 would, therefore, 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.

### **The future composition and quarterly cash distribution rate may change.**

For each of the four quarters during 2011 and 2010, we paid a cash distribution at a quarterly rate of \$.275 and \$.26 per common share, respectively. 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.

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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 an 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.

**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.

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.

**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.



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### **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.

### **Our declaration of trust contains certain limitations associated with share ownership.**

In order to maintain our status as a REIT, our declaration of trust prohibits any individual from owning more than 9.8% of our outstanding common shares. This restriction is likely to discourage third parties from acquiring control without the consent of our Board of Trust Managers, even if a change in control were in the best interests of our shareholders.

Also, our declaration of trust requires the approval of the holders of 80% of our outstanding common shares and the approval by not less than 50% of the outstanding common shares not owned by any related person (a person owning more than 50% of our common shares) in order to consummate a business transaction such as a merger. There are certain exceptions to this requirement; however, the 80% approval requirement could make it difficult for us to consummate a business transaction even if it is in the best interest of our shareholders.

### **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.

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

The Financial Accounting Standards Board ( FASB ), in conjunction with the SEC, 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.

### **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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**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 effect 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 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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At December 31, 2011, our real estate properties consisted of 391 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         | Land              |
|--|------------------|-------------------|
|  | Total            | Total             |
| <b>Retail</b>  |                  |                   |
| <b>Arizona</b>   |                  |                   |
| Arrowhead Festival S.C., 75th Ave. at W. Bell Rd., Glendale                        | 194,309          | 157,000           |
| Basha's Valley Plaza, S. McClintock at E. Southern, Tempe                          | 153,880          | 570,000           |
| Broadway Marketplace, Broadway at Rural, Tempe                                     | 87,379           | 347,000           |
| Camelback Village Square, Camelback at 7th Avenue, Phoenix                         | 242,715          | 543,000           |
| Desert Village, Pinnacle Peak Rd. at Pima Rd., Scottsdale                          | 107,214          | 595,901           |
| Entrada de Oro, Magee Road and Oracle Road, Tucson                                 | 109,075          | 572,000           |
| Fountain Plaza, 77th St. at McDowell, Scottsdale                                   | 294,813          | 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                           | 319,067          | 372,274           |
| Madera Village, Tanque Verde Rd. and Catalina Hwy., Tucson                         | 106,893          | 419,000           |
| Mohave Crossroads, Bullhead Parkway at State Route 95, Bullhead City               | 396,702          | 990,867           |
| Monte Vista Village Center, Baseline Rd. at Ellsworth Rd., Mesa                    | 108,551          | 353,000           |
| Oracle Crossings, Oracle Highway and Magee Road, Tucson                            | 263,163          | 1,307,000         |
| Oracle Wetmore, Wetmore Road and Oracle Highway, Tucson                            | 343,089          | 711,162           |
| Palmilla Center, Dysart Rd. at McDowell Rd., Avondale                              | 178,219          | 264,000           |
| Pueblo Anozira, McClintock Dr. at Guadalupe Rd., Tempe                             | 157,221          | 769,000           |
| Raintree Ranch, Ray Rd. at Price Rd., Chandler                                     | 133,020          | 714,813           |
| Rancho Encanto, 35th Avenue at Greenway Rd., Phoenix                               | 72,170           | 246,440           |
| Red Mountain Gateway, Power Rd. at McKellips Rd., Mesa                             | 199,012          | 353,000           |
| Scottsdale Horizon, Frank Lloyd Wright Blvd. and Thompson Peak Parkway, Scottsdale | 148,383          | 61,000            |
| Shoppes at Bears Path, Tanque Verde Rd. and Bear Canyon Rd., Tucson                | 66,131           | 362,000           |
| Squaw Peak Plaza, 16th Street at Glendale Ave., Phoenix                            | 60,728           | 220,000           |
| The Shoppes at Parkwood Ranch, Southern Avenue and Signal Butte Road, Mesa         | 106,738          | 569,966           |
| <b>Arizona, Total</b>  | <b>3,922,080</b> | <b>11,001,423</b> |
| <b>Arkansas</b>  |                  |                   |
| Markham Square, W. Markham at John Barrow, Little Rock                             | 125,884          | 514,000           |
| Markham West, 11400 W. Markham, Little Rock  | 178,500          | 769,000           |
| Westgate, Cantrell at Bryant, Little Rock  | 52,626           | 206,000           |
| <b>Arkansas, Total</b>   | <b>357,010</b>   | <b>1,489,000</b>  |
| <b>California</b>  |                  |                   |
| 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                 | 115,340          | 322,000           |
| Centerwood Plaza, Lakewood Blvd. at Alondra Dr., Bellflower                        | 75,486           | 333,000           |
| Chino Hills Marketplace, Chino Hills Pkwy. at Pipeline Ave., Chino Hills           | 311,034          | 1,187,000         |
| Creekside Center, Alamo Dr. at Nut Creek Rd., Vacaville                            | 114,445          | 400,000           |
| Discovery Plaza, W. El Camino Ave. at Truxel Rd., Sacramento                       | 93,398           | 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                   | 361,701          | 650,000           |
| Greenhouse Marketplace, Lewelling Blvd. at Washington Ave., San Leandro            | 236,832          | 578,000           |
| Hallmark Town Center, W. Cleveland Ave. at Stephanie Ln., Madera                   | 98,359           | 365,000           |
| Jess Ranch Marketplace, Bear Valley Rd. at Jess Ranch Pkwy., Apple Valley          | (1)(3) 307,937   | 920,423           |
| Jess Ranch Phase III, Bear Valley Road at Jess Ranch Parkway, Apple Valley         | (1)(3) 185,121   | 741,813           |

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| Center and Location   |           | Building         | Land              |
|---|-----------|------------------|-------------------|
|   |           | Total            | Total             |
| Marshalls Plaza, McHenry at Sylvan Ave., Modesto                                |           | 85,952           | 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                 |           | 236,959          | 866,684           |
| Rancho San Marcos Village, San Marcos Blvd. at Rancho Santa Fe Rd., San Marcos  |           | 132,689          | 541,000           |
| 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)    | 431,272          | 1,104,246         |
| Stony Point Plaza, Stony Point Rd. at Hwy. 12, Santa Rosa                       |           | 200,634          | 619,000           |
| Summerhill Plaza, Antelope Rd. at Lichen Dr., Sacramento                        |           | 128,880          | 704,000           |
| Sunset Center, Sunset Ave. at State Hwy. 12, Suisun City                        |           | 98,279           | 359,000           |
| Tully Corners Shopping Center, Tully Rd at Quimby Rd, San Jose                  | (1)(3)    | 115,992          | 430,891           |
| Valley, Franklin Blvd. and Mack Rd., Sacramento                                 |           | 107,005          | 580,000           |
| Westminster Center, Westminster Blvd. at Golden West St., Westminster           |           | 425,690          | 1,739,000         |
| <b>California, Total</b>  |           | <b>5,262,719</b> | <b>17,211,057</b> |
| <b>Colorado</b>   |           |                  |                   |
| Academy Place, Academy Blvd. at Union Blvd., Colorado Springs                   |           | 290,464          | 404,000           |
| Aurora City Place, E. Alameda at I225, Aurora                                   | (1)(3)    | 542,957          | 2,260,000         |
| Cherry Creek, E. Alameda Ave. at S. Colorado Blvd. Glendale                     |           | 272,671          | 330,795           |
| 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                   |           | 271,780          | 538,576           |
| Green Valley Ranch Towne Center, Tower Rd. at 48th Ave., Denver                 | (1)(3)    | 114,947          | 276,000           |
| 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)    | 446,236          | 3,266,813         |
| The Gardens on Havana, Mississippi at Havana, Aurora                            | (1)(3)    | 946,607          | 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           |
| <b>Colorado, Total</b>  |           | <b>4,195,447</b> | <b>11,115,576</b> |
| <b>Florida</b>  |           |                  |                   |
| Alafaya Square, Alafaya Trail, Oviedo   | (1)(3)    | 176,486          | 915,000           |
| Argyle Village, Blanding at Argyle Forest Blvd., Jacksonville                   |           | 315,497          | 1,329,000         |
| Atlantic North, Kernan Blvd. at Atlantic Blvd., Jacksonville                    | (1)(3)    | 67,685           | 326,061           |
| Atlantic West, Kernan Blvd. at Atlantic Blvd., Jacksonville                     | (1)(3)    | 163,481          | 584,304           |
| Boca Lyons, Glades Rd. at Lyons Rd., Boca Raton                                 |           | 117,515          | 545,000           |
| Clermont Landing, U.S. 27 & Steve's Road, Clermont                              | (1)(2)(3) | 2,183,994        | 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          |           | 247,163          | 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)       | 62,542           | 773,626           |
| Flamingo Pines, Pines Blvd. at Flamingo Rd., Pembroke Pines                     |           | 266,761          | 739,925           |
| Flamingo Pines, Pines Blvd. at Flamingo Rd., Pembroke Pines                     | (1)(3)    | 148,435          | 707,075           |
| Hollywood Hills Plaza, Hollywood Blvd. at North Park Rd., Hollywood             | (1)(3)    | 408,509          | 1,429,000         |
| Indian Harbour Place, East Eau Gallie Blvd., Indian Harbour Beach               | (1)(3)    | 163,521          | 636,000           |
| International Drive Value Center, International Dr. and Touchstone Dr., Orlando | (1)(3)    | 185,664          | 985,000           |
| Kendall Corners, Kendall Drive and SW 127th Avenue, Miami                       | (1)(3)    | 96,472           | 365,000           |
| Kernan Village, Kernan Blvd. at Atlantic Blvd., Jacksonville                    | (1)(3)    | 288,925          | 615,114           |
| Lake Washington Crossing, Wickham Rd. at Lake Washington Rd., Melbourne         | (1)(3)    | 118,828          | 580,000           |

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| Center and Location  | Building          |                   |
|--|-------------------|-------------------|
|  | Total             | Land Total        |
| 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                                | 159,755           | 349,000           |
| Marketplace at Seminole Towne Center, Central Florida Greenway and Rinehart Rd., Sanford   | 491,962           | 1,743,000         |
| Northridge, E. Commercial Blvd. at Dixie Hwy., Oakland Park (1)(3)                         | 239,097           | 901,000           |
| 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)                         | 324,829           | 1,394,000         |
| Phillips Crossing, Interstate 4 and Sand Lake Road, Orlando                                | 145,644           | 697,000           |
| Phillips Landing, Turkey Lake Rd., Orlando   | 286,038           | 311,000           |
| Pineapple Commons, US Highway 1 and Britt Rd., Stuart (1)(3)                               | 268,468           | 762,736           |
| Publix at Laguna Isles, Sheridan St. at SW 196th Ave., Pembroke Pines                      | 69,475            | 400,000           |
| Quesada Commons, Quesada Ave. and Toledo Blade Blvd., Port Charlotte (1)(3)                | 58,890            | 312,000           |
| Shoppes at Paradise Isle, 34940 Emerald Coast Pkwy., Destin (1)(3)                         | 171,669           | 764,000           |
| Shoppes at Parkland, Hillsboro Blvd. at State Rd. #7, Parkland (1)                         | 167,240           | 905,000           |
| Shoppes of Port Charlotte, Toledo Blade Blvd. and Tamiami Trail, Port Charlotte (1)(3)     | 3,921             | 176,720           |
| Shoppes of Port Charlotte, Toledo Blade Blvd. and Tamiami Trail, Port Charlotte (1)(3)     | 41,011            | 276,000           |
| South Dade, South Dixie Highway and Eureka Drive, Miami (1)(3)                             | 219,473           | 1,230,000         |
| Sunrise West Shopping Center, West Commercial Dr. and NW 91st Ave., 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)                         | 132,564           | 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)                              | 105,127           | 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           |
| Westland Terrace Plaza, SR 50 at Apopka Vineland Rd., Orlando                              | 260,521           | 361,000           |
| Whole Foods @ Carrollwood, Northdale Blvd. at North Dale Mabry (2)                         | 36,700            | 275,735           |
| Winter Park Corners, Aloma Ave. at Lakemont Ave., Winter Park                              | 102,382           | 400,000           |
| <b>Florida, Total</b>  | <b>11,773,428</b> | <b>40,311,592</b> |
| <b>Georgia</b>   |                   |                   |
| Brookwood Marketplace, Peachtree Pkwy. at Mathis Airport Rd., Suwannee                     | 397,295           | 1,459,000         |
| Brookwood Square, East-West Connector at Austell Rd., Austell                              | 234,501           | 971,000           |
| Brownsville Commons, Brownsville Rd. and Hiram-Lithia Springs Rd., Powder Springs          | 81,886            | 205,000           |
| Camp Creek Marketplace II, Camp Creek Pkwy. and Carmia Dr., Atlanta                        | 228,003           | 724,000           |
| Cherokee Plaza, Peachtree Road and Colonial Drive, Atlanta (1)                             | 99,749            | 336,000           |
| Dacula Marketplace, Fence Rd. at Dacula Rd., Dacula (2)                                    | 99,403            | 279,220           |
| Dallas Commons, US Hwy. 278 and Nathan Dean Blvd., Dallas                                  | 95,262            | 244,000           |
| Grayson Commons, Grayson Hwy. at Rosebud Rd., Grayson                                      | 76,611            | 507,383           |
| Lakeside Marketplace, Cobb Pkwy. (US Hwy. 41), Acworth                                     | 332,044           | 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 Dr. and Camp Creek Dr., Atlanta (1)(3)                   | 72,207            | 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)            | 95,587            | 540,000           |
| <b>Georgia, Total</b>  | <b>2,810,370</b>  | <b>10,367,256</b> |

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| Center and Location  | Building         |                   |
|--|------------------|-------------------|
|  | Total            | Land Total        |
| <b>Illinois</b>  |                  |                   |
| Burbank Station, S. Cicero Ave. at W. 78th St., Burbank                  | 303,566          | 1,013,380         |
| <b>Illinois, Total</b>   | <b>303,566</b>   | <b>1,013,380</b>  |
| <b>Kansas</b>  |                  |                   |
| Kohl's, Wanamaker Rd. at S.W. 17th St., Topeka                           | 115,716          | 444,000           |
| <b>Kansas, Total</b>   | <b>115,716</b>   | <b>444,000</b>    |
| <b>Kentucky</b>  |                  |                   |
| 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 Ln., Lexington   | 189,016          | 590,000           |
| Tates Creek, Bates Creek at Man O War, Lexington                         | 179,450          | 586,384           |
| <b>Kentucky, Total</b>   | <b>738,429</b>   | <b>3,102,384</b>  |
| <b>Louisiana</b>   |                  |                   |
| 14/Park Plaza, Hwy. 14 at General Doolittle, Lake Charles                | 172,068          | 535,000           |
| Danville Plaza, Louisville at 19th, Monroe                               | 141,218          | 539,000           |
| K-Mart Plaza, Ryan St., Lake Charles                                     | (1)(3) 232,390   | 126,000           |
| Manhattan Place, Manhattan Blvd. at Gretna Blvd., Harvey                 | 276,615          | 718,339           |
| Orleans Station, Paris, Robert E. Lee at Chatham, New Orleans            | 3,000            | 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) 342,935   | 1,029,415         |
| Southgate, Ryan at Eddy, Lake Charles                                    | 158,587          | 511,000           |
| Town & Country Plaza, U.S. Hwy. 190 West, Hammond                        | 224,827          | 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           |
| <b>Louisiana, Total</b>  | <b>2,284,546</b> | <b>6,240,287</b>  |
| <b>Maine</b>   |                  |                   |
| The Promenade, Essex at Summit, Lewiston                                 | (1) 181,938      | 962,667           |
| <b>Maine, Total</b>  | <b>181,938</b>   | <b>962,667</b>    |
| <b>Missouri</b>  |                  |                   |
| Ballwin Plaza, Manchester Rd. at Vlasis Dr., Ballwin                     | 200,915          | 653,000           |
| Western Plaza, Hwy 141 at Hwy. 30, Fenton                                | (1)(3) 56,734    | 654,000           |
| <b>Missouri, Total</b>   | <b>257,649</b>   | <b>1,307,000</b>  |
| <b>Nevada</b>  |                  |                   |
| Best in the West, Rainbow at Lake Mead Rd., Las Vegas                    | 428,067          | 1,516,000         |
| Charleston Commons, Charleston and Nellis, Las Vegas                     | 362,514          | 1,314,791         |
| College Park S.C., E. Lake Mead Blvd. at Civic Ctr. Dr., North Las Vegas | 195,367          | 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                 | 212,169          | 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     | 137,843          | 350,000           |
| Tropicana Beltway, Tropicana Beltway at Fort Apache Rd., Las Vegas       | 617,821          | 1,466,000         |
| Tropicana Marketplace, Tropicana at Jones Blvd., Las Vegas               | 142,643          | 309,912           |
| Westland Fair North, Charleston Blvd. at Decatur Blvd., Las Vegas        | 602,904          | 1,008,451         |
| <b>Nevada, Total</b>   | <b>3,616,247</b> | <b>10,244,710</b> |
| <b>New Mexico</b>  |                  |                   |
| Eastdale, Candelaria Rd. at Eubank Blvd., Albuquerque                    | 119,091          | 601,000           |
| North Towne Plaza, Academy Rd. at Wyoming Blvd., Albuquerque             | 138,506          | 607,000           |
| Pavillions at San Mateo, I-40 at San Mateo, Albuquerque                  | 208,691          | 604,733           |





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| Center and Location  | Building         |                   |
|--|------------------|-------------------|
|  | Total            | Land Total        |
| Wyoming Mall, Academy Rd. at Northeastern, Albuquerque                               | 270,899          | 271,407           |
| <b>New Mexico, Total</b>   | <b>737,187</b>   | <b>2,084,140</b>  |
| <b>North Carolina</b>  |                  |                   |
| Avent Ferry, Avent Ferry Rd. at Gorman St., Raleigh                                  | 111,622          | 669,000           |
| Bull City Market, Broad St. at West Main St., Durham                                 | 40,875           | 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          | 1,222,382         |
| Heritage Station, Forestville Rd. at Rogers Rd., Wake Forest                         | (1) 72,669       | 392,000           |
| High House Crossing, NC Hwy. 55 at Green Level W. Rd., Cary                          | 90,155           | 606,000           |
| Hope Valley Commons, Highway 751 and Highway 54, Durham                              | 81,471           | 1,247,123         |
| 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           |
| 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) 56,199       | 434,311           |
| Waterford Village, U.S. Hwy. 17 & U.S. Hwy. 74/76, Leland                            | 83,512           | 1,426,594         |
| Whitehall Commons, NWC of Hwy. 49 at I-485, Charlotte                                | 444,561          | 360,000           |
| <b>North Carolina, Total</b>   | <b>3,411,576</b> | <b>16,987,410</b> |
| <b>Oklahoma</b>  |                  |                   |
| 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           |
| <b>Oklahoma, Total</b>   | <b>163,996</b>   | <b>682,000</b>    |
| <b>Oregon</b>  |                  |                   |
| 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           |
| <b>Oregon, Total</b>   | <b>273,436</b>   | <b>672,288</b>    |
| <b>South Carolina</b>  |                  |                   |
| Fresh Market Shoppes, 890 William Hilton Head Pkwy., Hilton Head                     | (1)(3) 86,120    | 436,000           |
| <b>South Carolina, Total</b>   | <b>86,120</b>    | <b>436,000</b>    |
| <b>Tennessee</b>   |                  |                   |
| 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) 66,838       | 272,792           |
| Commons at Dexter Lake, Dexter at N. Germantown, Memphis                             | (1) 178,558      | 740,208           |
| Highland Square, Summer at Highland, Memphis   | 14,490           | 84,000            |
| Mendenhall Commons, South Mendenhall Rd. and Sanderlin Ave., Memphis                 | (1) 88,108       | 250,000           |
| Ridgeway Trace, Poplar Avenue and Ridgeway Road, Memphis                             | (2) 284,236      | 222,553           |
| Summer Center, Summer Ave. at Waring Rd., Memphis                                    | 139,021          | 560,000           |
| <b>Tennessee, Total</b>  | <b>963,875</b>   | <b>2,903,553</b>  |

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| Center and Location  |        | Building | Land      |
|--|--------|----------|-----------|
|  |        | Total    | Total     |
| <b>Texas</b>   |        |          |           |
| 10/Federal, I-10 at Federal, Houston                                 | (1)    | 132,472  | 474,000   |
| Alabama-Shepherd, S. Shepherd at W. Alabama, Houston                 |        | 56,969   | 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)    | 41,273   | 137,000   |
| Boswell Towne Center, Highway 287 at Bailey Boswell Rd., Saginaw     |        | 88,008   | 137,000   |
| Braeswood Square, N. Braeswood at Chimney Rock, Houston              |        | 104,686  | 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 |
| 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                |        | 283,059  | 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                     |        | 482,370  | 1,589,000 |
| Fiesta Village, Quitman at Fulton, Houston                           | (1)    | 30,249   | 80,000    |
| Fondren/West Airport, Fondren at W. Airport, Houston                 |        | 37,717   | 223,000   |
| Galveston Place, Central City Blvd. at 61st St., Galveston           |        | 210,187  | 828,000   |
| Gateway Station, I-35W and McAlister Rd., Burlison                   | (1)    | 68,500   | 344,286   |
| 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   |
| 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) | 243,821  | 181,300   |
| Market at Sharyland Place, U.S. Expressway 83 and Shary Rd., Mission | (1)(3) | 301,174  | 543,000   |
| Market at Town Center, Town Center Blvd., Sugar Land                 |        | 388,255  | 1,733,000 |
| Market at Westchase, Westheimer at Wilcrest, Houston                 |        | 84,081   | 318,000   |
| Montgomery Plaza, Loop 336 West at I-45, Conroe                      |        | 322,987  | 1,156,784 |
| Moore Plaza, S. Padre Island Dr. at Staples, Corpus Christi          |        | 599,622  | 1,491,000 |
| North Creek Plaza, Del Mar Blvd. at Hwy. I-35, Laredo                |        | 481,764  | 1,251,000 |
| North Main Square, Pecore at N. Main, Houston                        |        | 18,515   | 64,000    |

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| Center and Location   |           | Building          | Land              |
|---|-----------|-------------------|-------------------|
|   |           | Total             | Total             |
| 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)    | 302,606           | 636,000           |
| North Towne Plaza, U.S. 77 and 83 at SHFM 802, Brownsville                  | (2)       | 128,600           | 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           |
| Northcross, N. 10th St. at Nolana Loop, McAllen                             | (1)(3)    | 75,517            | 218,000           |
| Northwest Crossing, N.W. Fwy. at Hollister, Houston                         | (1)(3)    | 300,310           | 884,000           |
| Oak Forest, W. 43rd at Oak Forest, Houston                                  |           | 151,324           | 541,000           |
| Oak Park Village, Nacogdoches at New Braunfels, San Antonio                 | (1)       | 64,287            | 221,000           |
| Old Navy Building, 1815 10th St., 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 |           | 465,259           | 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                   |           | 143,110           | 596,000           |
| Preston Shepard Place, Preston Rd. at Park Blvd., Plano                     | (1)(3)    | 363,337           | 1,359,072         |
| Randall's/Cypress Station, F.M. 1960 at I-45, Houston                       |           | 136,891           | 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                               |           | 105,076           | 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                            |           | 248,816           | 609,000           |
| Rose-Rich, U.S. Hwy. 90A at Lane Dr., Rosenberg                             |           | 100,096           | 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)       | 272,350           | 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                           |           | 70,087            | 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)       | 227,735           | 1,712,609         |
| Valley View, West Ave. at Blanco Rd., San Antonio                           |           | 91,544            | 341,000           |
| 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)    | 495,204           | 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)       | 44,085            | 691,328           |
| <b>Texas, Total</b>   |           | <b>15,616,987</b> | <b>54,038,107</b> |
| <b>Utah</b>   |           |                   |                   |
| 300 West, S. 300 West at Paxton Ave., Salt Lake City                        | (1)(2)(3) | 181,309           | 123,275           |
| Alpine Valley Center, Main St. at State St., American Fork                  | (1)(3)    | 224,654           | 447,045           |
| Taylorville Town Center, West 4700 South at Redwood Rd., Taylorville        |           | 134,214           | 399,000           |

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| Center and Location   |        | Building<br>Total | Land<br>Total    |
|---|--------|-------------------|------------------|
| West Jordan Town Center, West 7000 South at S. Redwood Rd., West Jordan               |        | 304,899           | 814,000          |
| <b>Utah, Total</b>  |        | <b>845,076</b>    | <b>1,783,320</b> |
| <b>Virginia</b>   |        |                   |                  |
| Hilltop Village, Telegraph Rd. at Beulah Rd., Alexandria                              | (1)(2) | 0                 | 1,437,480        |
| <b>Virginia, Total</b>  |        | <b>0</b>          | <b>1,437,480</b> |
| <b>Washington</b>   |        |                   |                  |
| 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          |
| Promenade 23, S. Jackson St. at 23rd Ave., Seattle                                    |        | 96,660            | 258,746          |
| 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          |
| <b>Washington, Total</b>  |        | <b>571,378</b>    | <b>2,008,746</b> |
| <b>Industrial</b>   |        |                   |                  |
| <b>California</b>   |        |                   |                  |
| Siempre Viva Business Park, Siempre Viva Rd. at Kerns St., San Diego                  | (1)(3) | 806,730           | 1,460,002        |
| <b>California, Total</b>  |        | <b>806,730</b>    | <b>1,460,002</b> |
| <b>Florida</b>  |        |                   |                  |
| 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        |
| <b>Florida, Total</b>   |        | <b>1,664,806</b>  | <b>4,125,000</b> |
| <b>Georgia</b>  |        |                   |                  |
| 6485 Crescent Drive, I-85 at Jimmy Carter Blvd., Norcross                             | (1)(3) | 360,460           | 965,000          |
| Atlanta Industrial Park, Atlanta Industrial Pkwy. at Atlanta Industrial Dr., Atlanta  |        | 120,200           | 381,918          |
| Kennesaw 75, 3850-3900 Kennesaw Pkwy., Kennesaw                                       |        | 178,467           | 491,000          |
| Riverview Distribution Center, Fulton Industrial Blvd. at Camp Creek Parkway, Atlanta |        | 430,200           | 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          |
| <b>Georgia, Total</b>   |        | <b>1,952,870</b>  | <b>5,716,049</b> |
| <b>Tennessee</b>  |        |                   |                  |
| 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        |
| <b>Tennessee, Total</b>   |        | <b>1,140,227</b>  | <b>2,657,000</b> |
| <b>Texas</b>  |        |                   |                  |
| 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                             |        | 104,975           | 202,000          |
| 610 and 11th St. Warehouse, Loop 610 at 11th St., Houston                             | (1)(3) | 243,642           | 540,000          |
| 610/288 Business Park, Cannon St., Houston  | (1)(3) | 295,300           | 480,000          |
| Beltway 8 Business Park, Beltway 8 at Petersham Dr., Houston                          |        | 157,498           | 499,000          |
| Blankenship Building, Kempwood Dr., 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                                  |        | 577,043           | 1,357,242        |

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| Center and Location  | Building         |                   |
|--|------------------|-------------------|
|  | Total            | Land Total        |
| Corporate Center Park I and II, Putnam Dr. at Research Blvd., Austin                     | 120,681          | 326,000           |
| Crosspoint Warehouse, Crosspoint, Houston  | 72,505           | 179,000           |
| Crosswinds Distribution Center, Tech Com at Wurzbach Parkway, San Antonio                | 142,403          | 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 Pkwy., San Antonio                                  | 219,244          | 742,000           |
| Isom Business Park, 919-981 Isom Road, San Antonio                                       | 175,200          | 462,000           |
| Jupiter Business Park, Jupiter Rd. at Summit Ave., Plano                                 | 189,532          | 447,553           |
| 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   | 222,916          | 470,000           |
| McGraw Hill Distribution Center, 420 E. Daniieldale 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)                             | 303,577          | 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                                       | 402,680          | 1,141,764         |
| Railwood Industrial Park, Mesa at U.S. 90, Houston (1)(3)                                | 497,656          | 1,060,000         |
| Randol Mill Place, Randol Mill Road, Arlington   | 54,639           | 178,000           |
| Redbird Distribution Center, Joseph Hardin Dr., Dallas                                   | 110,839          | 233,000           |
| Regal Distribution Center, Leston Ave., 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, Burleson at Promontory Point Dr., Austin                      | 58,297           | 234,000           |
| Southport Business Park 5, South Loop 610, Houston                                       | 160,029          | 358,000           |
| Space Center Industrial Park, Pulaski St. at Irving Blvd., Dallas                        | 264,582          | 426,000           |
| Stonecrest Business Center, Wilcrest at Fallstone, Houston                               | 111,036          | 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                                   | 35,886           | 91,000            |
| West-10 Business Center, Wirt Rd. at I-10, Houston                                       | 99,883           | 331,000           |
| Westgate Service Center, Park Row Dr. at Whiteback Dr., Houston                          | 124,715          | 499,000           |
| <b>Texas, Total</b>  | <b>9,014,237</b> | <b>21,611,425</b> |
| <b>Virginia</b>  |                  |                   |
| Enterchange at Meadowville, 2101 Bermuda Hundred Dr., Chester (1)(3)                     | 226,809          | 845,717           |
| Enterchange at Northlake A, 11900-11998 North Lakeridge Parkway, Ashland                 | 215,077          | 697,831           |
| Enterchange at Northlake C, North Lakeridge Parkway & Northlake Park Dr., Ashland (1)(3) | 510,262          | 677,794           |
| 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           |
| <b>Virginia, Total</b>   | <b>2,721,970</b> | <b>6,774,973</b>  |

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| Center and Location  | Building<br>Total | Land<br>Total    |
|--|-------------------|------------------|
| <b>Other</b>   |                   |                  |
| <b>Arizona</b>   |                   |                  |
| Arcadia Biltmore Plaza, Campbell Ave. at North 36th St., Phoenix   | 21,122            | 74,000           |
| <b>Arizona, Total</b>  | <b>21,122</b>     | <b>74,000</b>    |
| <b>Texas</b>   |                   |                  |
| 1919 North Loop West, Hacket Drive at West Loop 610 North, Houston | 138,163           | 157,000          |
| Citadel Plaza, Citadel Plaza Dr., Houston                          | 121,000           | 170,931          |
| <b>Texas, Total</b>  | <b>259,163</b>    | <b>327,931</b>   |
| <b>Unimproved Land</b>   |                   |                  |
| <b>Arizona</b>   |                   |                  |
| 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           |
| <b>Arizona, Total</b>  |                   | <b>825,898</b>   |
| <b>California</b>  |                   |                  |
| 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          |
| <b>California, Total</b>   |                   | <b>612,453</b>   |
| <b>Colorado</b>  |                   |                  |
| Highway 85 and Highway 285, Sheridan                               |                   | 1,003,187        |
| Mississippi at Havana, Aurora                                      |                   | 669,953          |
| <b>Colorado, Total</b>   |                   | <b>1,673,140</b> |
| <b>Florida</b>   |                   |                  |
| 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          |
| <b>Florida, Total</b>  |                   | <b>652,964</b>   |
| <b>Georgia</b>   |                   |                  |
| NWC South Fulton Pkwy. @ Hwy. 92, Union City                       |                   | 3,554,496        |
| <b>Georgia, Total</b>  |                   | <b>3,554,496</b> |
| <b>Louisiana</b>   |                   |                  |
| 70th St. at Mansfield Rd., Shreveport                              |                   | 41,818           |
| Ambassador Caffery at W. Congress, Lafayette                       |                   | 34,848           |
| <b>Louisiana, Total</b>  |                   | <b>76,666</b>    |
| <b>Nevada</b>  |                   |                  |
| SWC Highway 215 at Decatur, Las Vegas                              |                   | 707,414          |
| <b>Nevada, Total</b>   |                   | <b>707,414</b>   |
| <b>North Carolina</b>  |                   |                  |
| Creedmoor (Highway 50) and Crabtree Valley Avenue, Raleigh         |                   | 510,959          |
| Highway 17 and Highway 210, Surf City                              |                   | 2,024,233        |
| 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          |
| <b>North Carolina, Total</b>                                       |                   | <b>6,159,819</b> |

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| <b>Center and Location</b>                          | <b>Land<br/>Total</b> |
|---|-----------------------|
| <b>Tennessee</b>                                    |                       |
| Poplar Avenue and Ridgeway Road, Memphis            | 53,579                |
| <b>Tennessee, Total</b>                             | <b>53,579</b>         |
| <b>Texas</b>  |                       |
| 9th Ave. at 25th St., Port Arthur                   | 243,065               |
| Bissonnet at Wilcrest, Houston                      | 40,946                |
| Citadel Plaza at 610 North Loop, Houston            | 137,214               |
| East Orem, Houston                                  | 121,968               |
| FM 1957 (Potranco Road) and FM 211, San Antonio     | 8,655,372             |
| FM 2920 and Highway 249, Tomball                    | 459,776               |
| 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                  | 312,238               |
| Shary Rd. at North Hwy. 83, Mission                 | 1,607,364             |
| U.S. 77 and 83 at SHFM 802, Brownsville             | 914,723               |
| 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               |
| <b>Texas, Total</b>                                 | <b>15,494,821</b>     |
| <b>Utah</b>   |                       |
| South 300 West & West Paxton Avenue, Salt Lake City | 201,683               |
| <b>Utah, Total</b>                                  | <b>201,683</b>        |



**Table of Contents****Property Listing Summary**

as of December 31, 2011

| ALL PROPERTIES BY STATE      | Building Total | Building Total    | Building Total     |
|------------------------------|----------------|-------------------|--------------------|
|                              | Number of      |                   |                    |
|                              | Properties     | Building Total    | Land Total         |
| Arizona                      | 24             | 3,943,202         | 11,901,321         |
| Arkansas                     | 3              | 357,010           | 1,489,000          |
| California                   | 30             | 6,069,449         | 19,283,512         |
| Colorado                     | 13             | 4,195,447         | 12,788,716         |
| Florida                      | 55             | 13,438,234        | 45,089,556         |
| Georgia                      | 23             | 4,763,240         | 19,637,801         |
| Illinois                     | 1              | 303,566           | 1,013,380          |
| Kansas                       | 1              | 115,716           | 444,000            |
| Kentucky                     | 4              | 738,429           | 3,102,384          |
| Louisiana                    | 11             | 2,284,546         | 6,316,953          |
| Maine                        | 1              | 181,938           | 962,667            |
| Missouri                     | 2              | 257,649           | 1,307,000          |
| Nevada                       | 12             | 3,616,247         | 10,952,124         |
| New Mexico                   | 4              | 737,187           | 2,084,140          |
| North Carolina               | 24             | 3,411,576         | 23,147,229         |
| Oklahoma                     | 2              | 163,996           | 682,000            |
| Oregon                       | 3              | 273,436           | 672,288            |
| South Carolina               | 1              | 86,120            | 436,000            |
| Tennessee                    | 9              | 2,104,102         | 5,614,132          |
| Texas                        | 149            | 24,890,387        | 91,472,284         |
| Utah                         | 4              | 845,076           | 1,985,003          |
| Virginia                     | 10             | 2,721,970         | 8,212,453          |
| Washington                   | 5              | 571,378           | 2,008,746          |
| <b>Grand Total</b>           | <b>391</b>     | <b>76,069,901</b> | <b>270,602,689</b> |
| <b>Total Retail</b>          | <b>313</b>     | <b>58,488,776</b> | <b>197,843,376</b> |
| <b>Total Industrial</b>      | <b>75</b>      | <b>17,300,840</b> | <b>42,344,449</b>  |
| <b>Total Unimproved Land</b> |                |                   | <b>30,012,933</b>  |
| <b>Total Other</b>           | <b>3</b>       | <b>280,285</b>    | <b>401,931</b>     |

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.



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(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 2011, no single property accounted for more than 2.9% of our total assets or 1.8% of revenues. The five largest properties, in the aggregate, represented approximately 7.9% of our revenues for the year ended December 31, 2011; otherwise, none of the remaining properties accounted for more than 1.3% of our revenues during the same period. As of December 31, 2011, the weighted average occupancy rate for all of our properties was 92.1% compared to 91.9% as of December 31, 2010. The average effective annual rental per square foot was approximately \$13.79 in 2011, \$13.60 in 2010, \$13.31 in 2009, \$13.16 in 2008 and \$12.57 in 2007 for retail properties and \$4.86 in 2011, \$4.83 in 2010, \$4.90 in 2009, \$4.98 in 2008 and \$4.86 in 2007 for industrial properties.

As of December 31, 2011, lease expirations for the next 10 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 |
| 2012 | 783                       | 3,582                                  | 6.85                                | \$ 45,719                          | \$ 12.76        |
| 2013 | 1,059                     | 6,086                                  | 11.64                               | 69,944                             | 11.49           |
| 2014 | 937                       | 5,750                                  | 11.00                               | 62,876                             | 10.93           |
| 2015 | 740                       | 4,982                                  | 9.53                                | 56,413                             | 11.32           |
| 2016 | 714                       | 4,815                                  | 9.21                                | 58,670                             | 12.18           |
| 2017 | 261                       | 2,849                                  | 5.45                                | 34,162                             | 11.99           |
| 2018 | 133                       | 1,560                                  | 2.98                                | 19,358                             | 12.41           |
| 2019 | 78                        | 1,178                                  | 2.25                                | 14,173                             | 12.03           |
| 2020 | 79                        | 1,122                                  | 2.15                                | 14,323                             | 12.77           |
| 2021 | 124                       | 1,696                                  | 3.24                                | 21,894                             | 12.91           |

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 have a negative impact on us.

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 65 real estate joint ventures or partnerships that hold an interest in 148 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. These units generally give our partners the right to put their limited partnership units 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, 2011, we owned or operated under long-term leases, either directly or through our interest in real estate joint ventures or partnerships, a total of 302 developed income-producing properties and 11 properties under various stages of construction and development, which are located in 23 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 7,500 separate leases with 5,200 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 Harris Teeter. The diversity of our tenant base is also evidenced by the fact that our largest tenant accounted for only 3.2% of rental revenues during 2011.

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 2011, we acquired two retail shopping centers located one each in Colorado and Washington for approximately \$42.9 million.

In April 2011, we acquired a 50%-owned unconsolidated real estate joint venture interest in three retail properties in Jacksonville, Florida for approximately \$11.6 million and purchased our partner's 50% unconsolidated interest in a property in Palm Coast, Florida for \$11.5 million, which included their share of a construction note obligation.

During 2011, we sold one retail building and eight retail shopping centers, of which five were located in Texas and one each in Florida, Kansas, New Mexico and North Carolina. Gross sales proceeds from these dispositions totaled \$83.1 million and generated gains of \$8.6 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 have been purchased.

*Industrial Properties.* At December 31, 2011, we owned, either directly or through our interest in real estate joint ventures or partnerships, 75 industrial projects and three other operating properties totaling approximately 17.7 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 Services, Publix, Shell Oil Company, Rooms to Go, Rooftop Systems Inc., Fed Ex, Mazda, McGraw Hill and Iron Mountain. Our properties are located in Arizona, California, Florida, Georgia, Tennessee, Texas and Virginia.

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During 2011, we sold three industrial properties, of which two are located in Georgia and one in Texas, with gross sales proceeds totaling \$13.5 million, which generated a gain of \$1.6 million. Also, an unconsolidated real estate joint venture sold two industrial buildings with gross sales proceeds aggregating \$7.6 million, which did not generate a gain.

*Land Held for Development.* At December 31, 2011, we owned, either directly or through our interest in real estate joint ventures or partnerships, 40 parcels of unimproved land consisting of approximately 30.0 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 2.5 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 27.5 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 \$124.5 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 \$23.6 million related to land held for development for the year ended December 31, 2011. During 2011, we sold 11 land parcels, of which seven were located in Texas, and two each in Nevada and North Carolina. Gross sales proceeds from these sales totaled \$20.6 million and generated gains of \$1.5 million.

*New Development Properties.* At December 31, 2011, we had 11 properties in various stages of development including three newly acquired projects located in Florida, Georgia and Virginia. We have funded \$143.3 million to date on these projects, and we estimate our investment upon completion to be \$193.7 million, after consideration of anticipated land sales and tax incentive financing which is estimated to be \$24.6 million. These properties have an average projected return on investment of approximately 7.2% when completed.

### **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.

### **ITEM 4. Mine Safety Disclosures**

Not applicable.

**Table of Contents****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 are listed and traded on the New York Stock Exchange under the symbol WRI. As of January 31, 2012, the number of holders of record of our common shares was 2,433. 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:

|        | <b>High</b> | <b>Low</b> | <b>Dividends</b> |
|--------|-------------|------------|------------------|
| 2011:  |             |            |                  |
| Fourth | \$ 23.95    | \$ 19.35   | \$ .275          |
| Third  | 26.73       | 19.39      | .275             |
| Second | 26.80       | 23.64      | .275             |
| First  | 25.87       | 23.69      | .275             |
| 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             |

The following table summarizes the equity compensation plans under which our common shares may be issued as of December 31, 2011:

| <b>Plan category</b>                                   | <b>Number of shares to be issued upon exercise of outstanding options, warrants and rights</b> | <b>Weighted average exercise price of outstanding options, warrants and rights</b> | <b>Number of shares remaining available for future issuance</b> |
|--|--|--|---|
| Equity compensation plans approved by shareholders     | 4,607,703  | \$ 28.09   | 2,144,215   |
| Equity compensation plans not approved by shareholders |  |  |   |
| <b>Total</b>   | <b>4,607,703</b>   | <b>\$ 28.09</b>  | <b>2,144,215</b>  |

**Table of Contents****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, 2006, \$100 was invested in our common shares and that all dividends were reinvested by the shareholder.

**Comparison of Five Year Cumulative Return**

|                             | <b>2007</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
| Weingarten                  | \$ 71.52    | \$ 51.26    | \$ 53.91    | \$ 67.98    | \$ 65.37    |
| S&P 500 Index               | 105.49      | 66.46       | 84.05       | 96.71       | 98.75       |
| The NAREIT All Equity Index | 84.31       | 52.50       | 67.20       | 85.98       | 93.11       |

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.

**Table of Contents****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 Operations, 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,

|  | 2011         | 2010         | 2009         | 2008         | 2007         |
|--|--------------|--------------|--------------|--------------|--------------|
| <b>Operating Data: (1)</b>   |              |              |              |              |              |
| Revenues (primarily real estate rentals)                                     | \$ 541,561   | \$ 535,084   | \$ 552,226   | \$ 572,376   | \$ 542,912   |
| Depreciation and Amortization  | 152,983      | 145,893      | 142,549      | 145,414      | 118,635      |
| Impairment Loss  | 58,734       | 33,317       | 34,983       | 52,539       | -            |
| Operating Income   | 138,416      | 167,206      | 181,887      | 171,192      | 239,145      |
| Interest Expense, net  | 141,757      | 148,152      | 152,041      | 155,020      | 154,858      |
| (Loss) Gain on Redemption of Convertible Senior Unsecured Notes              | -            | (135)        | 25,311       | 12,961       | -            |
| Gain on Land and Merchant Development Sales                                  | -            | -            | 18,688       | 8,407        | 16,385       |
| (Provision) Benefit for Income Taxes   | (395)        | (180)        | (6,269)      | 10,288       | (4,073)      |
| Income from Continuing Operations  | 9,160        | 41,453       | 84,549       | 64,336       | 124,886      |
| Gain on Sale of Property   | 1,737        | 2,005        | 25,266       | 1,998        | 4,086        |
| Net Income   | 16,739       | 51,238       | 175,276      | 154,595      | 240,338      |
| Net Income Adjusted for Noncontrolling Interests                             | 15,621       | 46,206       | 171,102      | 145,652      | 230,101      |
| Net (Loss) Income Attributable to Common Shareholders                        | \$ (19,855)  | \$ 10,730    | \$ 135,626   | \$ 109,091   | \$ 204,726   |
| <b>Per Share Data - Basic:</b>   |              |              |              |              |              |
| (Loss) Income from Continuing Operations Attributable to Common Shareholders | \$ (0.21)    | \$ 0.02      | \$ 0.64      | \$ 0.25      | \$ 1.09      |
| Net (Loss) Income Attributable to Common Shareholders                        | \$ (0.17)    | \$ 0.09      | \$ 1.24      | \$ 1.29      | \$ 2.39      |
| Weighted Average Number of Shares  | 120,331      | 119,935      | 109,546      | 84,474       | 85,504       |
| <b>Per Share Data - Diluted:</b>   |              |              |              |              |              |
| (Loss) Income from Continuing Operations Attributable to Common Shareholders | \$ (0.21)    | \$ 0.02      | \$ 0.64      | \$ 0.24      | \$ 1.09      |
| Net (Loss) Income Attributable to Common Shareholders                        | \$ (0.17)    | \$ 0.09      | \$ 1.23      | \$ 1.28      | \$ 2.35      |
| Weighted Average Number of Shares  | 120,331      | 120,780      | 110,178      | 84,917       | 88,893       |
| <b>Balance Sheet Data:</b>   |              |              |              |              |              |
| Property (at cost)   | \$ 4,688,526 | \$ 4,777,794 | \$ 4,658,396 | \$ 4,915,472 | \$ 4,972,344 |
| Total Assets   | 4,588,226    | 4,807,855    | 4,890,385    | 5,114,212    | 4,992,636    |
| Debt, net  | \$ 2,531,837 | \$ 2,589,448 | \$ 2,531,847 | \$ 3,148,636 | \$ 3,131,977 |
| <b>Other Data:</b>   |              |              |              |              |              |
| Cash Flows from Operating Activities   | \$ 214,731   | \$ 214,625   | \$ 244,316   | \$ 220,150   | \$ 223,309   |
| Cash Flows from Investing Activities   | (3,745)      | (121,421)    | 191,872      | (115,391)    | (480,630)    |
| Cash Flows from Financing Activities   | (221,203)    | (222,929)    | (341,550)    | (111,590)    | 252,095      |
| Cash Dividends per Common Share  | 1.10         | 1.04         | 1.28         | 2.10         | 1.98         |
| Funds from Operations - Basic (2)  | \$ 173,325   | \$ 187,008   | \$ 204,634   | \$ 194,633   | \$ 243,827   |

(1) For all periods presented the operating data related to continuing operations and gain on sale of property do not include the effects of amounts reported in discontinued operations. Also, for the year ended December 31, 2011 and 2010, certain business combination transactions have occurred. See Note 15 and Note 23, respectively, to our consolidated financial statements in Item 8 for additional information.

(2) The National Association of Real Estate Investment Trusts defines funds from operations as net income (loss) attributable to common shareholders computed in accordance with generally accepted accounting principles, excluding gains or losses from sales of operating real estate assets and extraordinary items, plus depreciation and amortization of operating properties and impairment of depreciable real estate, including our share of unconsolidated real estate joint ventures and partnerships. See Item 7 for additional information.





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### **ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

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 REIT organized under 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 that total approximately 76.1 million square feet. We have a diversified tenant base with our largest tenant comprising only 3.2% of total rental revenues during 2011.

Our long-term strategy is to focus on improving our core operations and increasing shareholder value. We accomplish this through hands-on leasing and management, selective redevelopment of the existing portfolio of properties, disciplined growth from strategic acquisitions and new developments, as well as dispositions of assets that no longer meet our ownership criteria. We remain committed to maintaining a conservatively leveraged balance sheet, a well-staggered debt maturity schedule and strong credit agency ratings.

During 2011, we announced our intentions to dispose of over \$600 million of non-core operating properties over the next few years, which will recycle capital for growth opportunities, strengthen our operating fundamentals and allow for further deleveraging of our balance sheet. In the course of executing this disposition plan, given proper pricing, we will consider selling both retail and industrial properties. To date, we have successfully disposed of \$155.6 million, either directly or through our interest in real estate joint ventures or partnerships, and have approximately \$76.9 million currently under contracts or letters of intent. Upon the completion of this program, we believe our remaining portfolio of properties will be among the strongest in our sector.

Improvements in the economy earlier in 2011 reopened markets to create more favorable pricing for dispositions. However, the federal debt ceiling crisis and volatility in Greece and other European markets have resulted in deteriorated market conditions and access to the CMBS debt markets for potential purchasers. Despite these conditions, we continue to believe we will successfully execute our disposition plan; although continued weakness in the CMBS debt markets and further worsening of the economy could impact our ability to execute this plan. Nonetheless, competition for quality acquisition opportunities remains substantial. During 2011, we were successful in identifying selected properties that met 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 long and short-term capital sources. We carefully balance obtaining low cost financing while matching long-term liabilities associated with acquired or developed long-term assets. An amendment and extension of our revolving credit facility during 2011 enhances our liquidity for the next four years and provides favorable borrowing rates at a margin over LIBOR. 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 future.

At December 31, 2011, we owned or operated under long-term leases, either directly or through our interest in real estate joint ventures or partnerships, a total of 380 developed income-producing properties and 11 properties under various stages of construction and development. The total number of centers includes 313 neighborhood and community shopping centers, 75 industrial projects and three other operating properties located in 23 states spanning the country from coast to coast.

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We also owned interests in 40 parcels of land held for development that totaled approximately 30.0 million square feet.

We had approximately 7,500 leases with 5,200 different tenants at December 31, 2011.

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 monitors various operating metrics of the portfolio. Occupancy for the total portfolio increased from 91.9% at December 31, 2010 to 92.1% at December 31, 2011. While we will continue to monitor the economy and the effects on our tenants, 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 2012, assuming no bankruptcies by multiple national or regional tenants. Soft economic conditions contributed to a slight decrease in rental rates on a same-space basis as we completed new leases and renewed existing leases. We completed 1,762 new leases or renewals during 2011, totaling 7.1 million square feet, which decreased rental rates an average of .4% on a cash basis. While we continue to see some strengthening in 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 throughout 2012.

## **New Development**

At December 31, 2011, we had 11 properties in various stages of construction and development, including three newly acquired projects located in Florida, Georgia and Virginia, which upon completion will represent an estimated total investment of \$74.4 million. We have funded \$143.3 million to date on these 11 projects, and we estimate our investment upon completion to be \$193.7 million, after consideration of proceeds from anticipated land sales and tax incentive financing which is estimated to be \$24.6 million. Overall, the average projected return on investment for these properties is approximately 7.2% upon projected completion.

In November, we formed a real estate joint venture to develop a shopping center in Alexandria, Virginia. This development will include 258,000 square feet of retail space and is anchored by a 140,000 square foot supermarket. This project will represent an investment of approximately \$61.6 million upon completion and provides us with our entry into the dynamic Washington, D.C. market.

We have approximately \$124.5 million in land held for development at December 31, 2011. Due to our analysis of current economic considerations, including the effects of recent market transactions and negotiations with potential buyers, we recognized an impairment charge of \$23.6 million for the year ended December 31, 2011. Even with the unrest in the overall economy, we continue to see an increase in development and redevelopment opportunities entering the market, which we are selectively pursuing. Within this portfolio, we have experienced greater levels of interest compared to recent years in our land held for development from retailers and other market participants. Also, certain tracts of land have been designated for transition to land under development as additional phases of existing developments become feasible.

## **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 another facet of 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.

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An analysis of our equity method investments in real estate joint ventures and partnerships resulted in an impairment charge of \$1.8 million for the year ended December 31, 2011 based on current market conditions. We continue to monitor our joint venture relationships and evaluate whether new or existing relationships could provide equity for new investments.

Fee income from joint venture and third party managed operations for the year ended December 31, 2011, 2010 and 2009 was approximately \$6.7 million, \$7.0 million and \$6.3 million, respectively. This fee income is based upon revenues, net income and in some cases appraised property values. In 2012, we anticipate these fees will be consistent with our 2011 performance.

## **Dispositions**

Dispositions are also a key component of our ongoing management process where we selectively prune properties from our portfolio 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. Additionally, proceeds from dispositions may be used to reduce outstanding debt, further deleveraging our balance sheet. Over time, we expect this will produce a portfolio with higher occupancy rates and stronger internal revenue growth. During 2011, we announced a strategic initiative to dispose of over \$600 million of non-core operating properties over the next few years. In the course of executing this disposition plan, given proper pricing, we will consider selling both retail and industrial properties.

Our disposition program may be impacted by market pricing conditions and debt financing available to prospective purchasers. After specifically identifying potential disposition properties and analyzing current market data, we recognized an impairment charge of \$31.7 million for the year ended December 31, 2011 on the properties we believe we are likely to sell as part of this initiative or properties that have been sold during 2011.

## **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 consolidated 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 consolidated 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.

### *Real Estate Joint Ventures and Partnerships*

To determine the method of accounting for partially owned real estate joint ventures and partnerships, management evaluates the characteristics of associated entities and determines whether an entity is a variable interest entity ( VIE ) and, if so, determines which party is the primary beneficiary by analyzing whether 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 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.

Primary risks associated with our VIEs include the potential of funding the entities debt obligations or making additional contributions to fund the entities operations.

Partially owned, non variable interest real estate joint ventures and partnerships over which we have a controlling financial interest are consolidated in our consolidated 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. 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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Management continually analyzes and assesses reconsideration events, including changes in the factors mentioned above, to determine if the consolidation treatment remains appropriate. 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*

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. Fair values 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. Acquisition costs are expensed as incurred.

### *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 estimated fair 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.

Our investments in tax increment revenue bonds are reviewed for impairment, including the evaluation of changes in events or circumstances that may indicate that the carrying amount of the investment may not be recoverable. Realization is dependent on a number of factors, including investment performance, market conditions and payment structure. 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, recovery of its cost basis is uncertain, and/or it is uncertain if the investment will be held to maturity. A considerable amount of judgment by our management is used in this evaluation, which may produce incorrect estimates that could be material to our consolidated financial statements.

**Table of Contents****Results of Operations*****Comparison of the Year Ended December 31, 2011 to the Year Ended December 31, 2010****Revenues*

Total revenues were \$541.6 million for the year ended 2011 versus \$535.1 million for the year ended 2010, an increase of \$6.5 million or 1.2%. This increase is attributable to an increase in net rental revenues of \$5.2 million associated primarily with the acquisition of six properties in the latter half of 2010 and two properties in 2011, as well as new development completions.

*Depreciation and Amortization*

Depreciation and amortization for the year ended 2011 was \$153.0 million versus \$145.9 million for the year ended 2010, an increase of \$7.1 million or 4.9%. This increase is primarily attributable to the acquisition of six properties in the latter half of 2010 and two properties in 2011, new development completions and other capital activities.

*Real Estate Taxes, net*

Net real estate taxes for the year ended 2011 were \$64.2 million versus \$61.5 million for the year ended 2010, an increase of \$2.7 million or 4.4%. The increase resulted primarily from rate and assessed valuation changes from the prior year, as well as acquisitions in both 2010 and 2011.

*Impairment Loss*

The impairment loss in 2011 of \$58.7 million is primarily attributable to our impairment of land held for development, properties where we changed our anticipated hold periods or were sold, our equity interest in certain unconsolidated real estate joint ventures and the net credit loss on the exchange of tax increment revenue bonds. The 2010 impairment loss of \$33.3 million was attributable to losses associated with the revaluation of two unconsolidated real estate joint ventures to fair value and its associated tax increment revenue bonds and a note, land held for development and the disposition of a retail building and an undeveloped land tract.

*Interest Expense, net*

Net interest expense totaled \$141.8 million for 2011, down \$6.4 million or 4.3% from 2010. The components of net interest expense were as follows (in thousands):

|   | <b>Year Ended December 31,</b> |                   |
|---|--------------------------------|-------------------|
|   | <b>2011</b>                    | <b>2010</b>       |
| Gross interest expense                    | \$ 144,913                     | \$ 152,165        |
| Amortization of convertible bond discount | 1,334                          | 2,191             |
| Over-market mortgage adjustment           | (2,161)                        | (2,799)           |
| Capitalized interest                      | (2,329)                        | (3,405)           |
| <b>Total</b>                              | <b>\$ 141,757</b>              | <b>\$ 148,152</b> |

Gross interest expense totaled \$144.9 million in 2011, down \$7.3 million or 4.8% from 2010. The decrease in gross interest expense was due primarily to the reduction in interest rates as a result of amending and extending our revolving credit facility and refinancing notes and mortgages through the revolving credit facility. In 2011, the weighted average debt outstanding was \$2.6 billion at a weighted average interest rate of 5.6% as compared to \$2.5 billion outstanding at a weighted average interest rate of 6.1% in 2010. Capitalized interest decreased \$1.1 million as a result of new development stabilizations and completions.

*Interest and Other Income, net*

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Net interest and other income for the year ended 2011 was \$5.1 million versus \$9.8 million for the year ended 2010, a decrease of \$4.7 million or 48.0%. The decrease is primarily attributable to the fair value decrease of \$1.5 million in the assets held in a grantor trust related to our deferred compensation plan, a decline of \$.8 million in interest earned on notes receivable from real estate joint ventures and partnerships associated primarily with the consolidation of two unconsolidated real estate joint ventures, and a \$1.9 million reduction in interest associated with our investment in subordinated tax increment revenue bonds.

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

Net equity in earnings of real estate joint ventures and partnerships for the year ended 2011 was \$7.8 million versus \$12.9 million for the year ended 2010, a decrease of \$5.1 million or 39.5%. The decrease is primarily attributable to an increase in impairment losses in 2011, associated primarily with reduced holding periods at finite life joint ventures, which is offset by earnings from our 57.8% investment in a shopping center acquired in the fourth quarter of 2010.

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

Total revenues were \$535.1 million for the year ended 2010 versus \$552.2 million for the year ended 2009, a decrease of \$17.1 million or 3.1%. This decrease is attributable to decreases in net rental revenues and other income of \$13.0 million and \$4.1 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.

*Real Estate Taxes, net*

Net real estate taxes for the year ended 2010 were \$61.5 million versus \$67.3 million for the year ended 2009, a decrease of \$5.8 million or 8.6%. 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 properties and the disposition of a retail building and an undeveloped land tract. The 2009 impairment loss of \$35.0 million relates primarily to land held for development properties resulting from changes in economic conditions, our new development business plans and tenant expansion plans.

*Interest Expense, net*

Net interest expense totaled \$148.2 million for 2010, down \$3.9 million or 2.6% from 2009. The components of net interest expense were as follows (in thousands):

|   | <b>Year Ended December 31,</b> |                   |
|---|--------------------------------|-------------------|
|   | <b>2010</b>                    | <b>2009</b>       |
| Gross interest expense                    | \$ 152,165                     | \$ 159,745        |
| Amortization of convertible bond discount | 2,191                          | 4,969             |
| Over-market mortgage adjustment           | (2,799)                        | (3,957)           |
| Capitalized interest                      | (3,405)                        | (8,716)           |
| <b>Total</b>                              | <b>\$ 148,152</b>              | <b>\$ 152,041</b> |

Gross interest expense totaled \$152.2 million in 2010, down \$7.6 million or 4.7% 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 6.1% 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 \$1.2 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.



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### *(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.

### *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.

### *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 \$23.3 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. The sales activities in 2010 were not significant.

## **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 2012 business plan, cash flows from operating activities are expected to meet these planned capital needs.

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 equity 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 the disposition of properties and cash flow generated by our operating properties.

During 2011, we paid off our fixed-rate 7% unsecured notes totaling \$117.7 million and redeemed \$77.2 million of our 3.95% convertible senior unsecured notes using our revolving credit facility. In addition, we entered into a one year term loan in the amount of \$200 million at a borrowing rate that floats at a margin over LIBOR. Loan proceeds were used to pay down amounts outstanding under our revolving credit facility.



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Effective September 30, 2011, we entered into an amended and restated \$500 million unsecured revolving credit facility. The facility expires in September 2015, provides for a one-year extension upon request 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 125 and 25 basis points, respectively. This results in a decrease of 150 basis points in the borrowing margin from the previous margin of 275 basis points and a decrease of 25 basis points in the facility fee, substantially reducing our cost of borrowing.

As of December 31, 2011, we had \$145.0 million outstanding under our \$500 million revolving credit facility and \$21.5 million was outstanding under our \$99 million credit facility, which we use for cash management purposes. We believe proceeds from our disposition program for 2012, combined with our available capacity under the revolving credit facilities, will provide adequate liquidity to fund our capital needs. In the event our disposition program does not progress as expected, we believe other debt and equity alternatives are available to us. 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.

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 \$556.9 million, of which our ownership percentage is \$198.1 million at December 31, 2011. Scheduled principal mortgage payments on this debt, excluding non-cash related items totaling \$1.7 million, at 100% are as follows (in millions):

|              |           |              |
|--------------|-----------|--------------|
| 2012         | \$        | 29.6         |
| 2013         |           | 55.4         |
| 2014         |           | 116.4        |
| 2015         |           | 41.5         |
| 2016         |           | 98.0         |
| Thereafter   |           | 214.3        |
| <b>Total</b> | <b>\$</b> | <b>555.2</b> |

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**

During 2011, we acquired two shopping centers for approximately \$42.9 million.

In April 2