

WEINGARTEN REALTY INVESTORS /TX/
Form 8-K
October 31, 2006

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

FORM 8-K

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

Date of report (Date of earliest event reported): October 31, 2006

WEINGARTEN REALTY INVESTORS
(Exact name of Registrant as specified in its Charter)

Texas	1-9876	74-1464203
<i>(State or other jurisdiction of incorporation or organization)</i>	<i>(Commission file number)</i>	<i>(I.R.S. Employer Identification Number)</i>

2600 Citadel Plaza Drive, Suite 300, Houston, Texas 77008
(Address of principal executive offices) (Zip Code)

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

Not applicable
(Former name or former address, if changed since last report)

ITEM 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

During the period from January 1, 2006 through October 24, 2006, we acquired 21 retail shopping centers and three industrial projects and, through a 25%-owned unconsolidated joint venture, five retail properties.

Material factors considered by us in evaluating acquisition opportunities include the prospective financial performance of the center, credit quality of the tenancy, local and regional demographics, location and competition, ad valorem tax rates, condition of the property and the related anticipated level of capital expenditures required. We are not aware of any other material factors other than those listed above that would cause the reported financial information not to be necessarily indicative of future operating results.

Our total investment in these acquisitions during 2006 was approximately \$710 million. Audited financial statements for approximately \$508 million of those purchases (the "Acquired Properties") are submitted in ITEM 9.01 below. Unaudited pro forma financial information on the Acquired Properties and other acquisitions are also included in ITEM 9.01 below.

ITEM 9.01 FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

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

(a) Financial statements of businesses acquired:

1. Woolbright Properties Portfolio
 - (i) Independent Auditors' Report
 - (ii) Combined Statements of Revenues and Certain Expenses for the Six Months Ended June 30, 2006 (Unaudited) and for the Year Ended December 31, 2005
 - (iii) Notes to Combined Statements of Revenues and Certain Expenses for the Six Months Ended June 30, 2006 (Unaudited) and for the Year Ended December 31, 2005
2. North American Properties Portfolio
 - (i) Independent Auditors' Report
 - (ii) Combined Statements of Revenues and Certain Expenses for the Six Months Ended June 30, 2006 (Unaudited) and for the Year Ended December 31, 2005
 - (iii) Notes to Combined Statements of Revenues and Certain Expenses for the Six Months Ended June 30, 2006 (Unaudited) and for the Year Ended December 31, 2005

(b) Pro Forma Condensed Financial Statement (Unaudited) of Weingarten Realty Investors, the North American Properties Portfolio and Woolbright Properties Portfolio, and Other Acquisitions

1. Pro Forma Condensed Statements of Consolidated Income from Continuing Operations for the Year Ended December 31, 2005 and the Six Months Ended June 30, 2006

2. Pro Forma Condensed Balance Sheet as of June 30, 2006
3. Notes and Significant Assumptions
4. Statement of Estimated Taxable Operating Results and Cash to be Made Available by Operations for the Year Ended December 31, 2005

(c) Exhibits:

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

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying combined statements of revenues and certain expenses (the "Historical Summary") of Woolbright Properties Portfolio (the "Portfolio"), for the year ended December 31, 2005. This Historical Summary is the responsibility of the Portfolio's management. Our responsibility is to express an opinion on the Historical Summary based on our audit.

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

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in the Form 8-K of Weingarten Realty Investors) as described in Note 2 and is not intended to be a complete presentation of the Portfolio's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the revenues and certain expenses described in Note 2 to the Historical Summary, of the Woolbright Properties Portfolio for the year ended December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Houston, Texas
October 31, 2006

**WOOLBRIGHT PROPERTIES PORTFOLIO
COMBINED STATEMENTS OF REVENUES AND CERTAIN EXPENSES
FOR THE SIX MONTHS ENDED JUNE 30, 2006 (UNAUDITED) AND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Six Months Ended June 30, 2006 (Unaudited)	Year Ended December 31, 2005
REVENUES:		
Rental	\$ 9,174,586	\$ 14,671,603
Tenant reimbursements	2,905,042	4,746,234
Total Revenues	12,079,628	19,417,837
CERTAIN EXPENSES:		
Property operating and maintenance	1,776,242	3,326,294
Ad valorem taxes	1,524,941	2,789,276
	3,301,183	6,115,570
EXCESS OF REVENUES OVER CERTAIN EXPENSES	\$ 8,778,445	\$ 13,302,267

See accompanying notes to combined statements of revenues and certain expenses.

WOOLBRIGHT PROPERTIES PORTFOLIO**NOTES TO COMBINED STATEMENTS OF REVENUES AND CERTAIN EXPENSES FOR THE SIX MONTHS ENDED JUNE 30, 2006 (UNAUDITED) AND FOR THE YEAR ENDED DECEMBER 31, 2005****1. ORGANIZATION**

The accompanying combined statements of revenues and certain expenses (the "Historical Summary") includes the operations of the Woolbright Properties Portfolio (the "Portfolio"). The Portfolio was purchased by Weingarten Realty Investors (the "Company") in two components; five of the properties were purchased on September 25, 2006 and the remaining two properties were purchased on October 4, 2006. The transaction was structured this way to accommodate the needs of the seller. The total purchase price was approximately \$325 million.

The following properties were acquired (Unaudited):

Center Name	Total Square Feet	Location	Anchors	Occupancy at Acquisition Date
Alafaya Square	176,486	Ovieda (Orlando), FL	Publix, Planet Fitness	100%
Marketplace at Dr. Phillips	327,561	Orlando, FL	Albertson's, Stein Mart, HomeGoods, Office Depot	99%
East Lake Woodlands	140,103	Palm Harbor (Tampa), FL	Publix, Walgreens	91%
International Drive	185,664	Orlando, FL	Bed Bath & Beyond, Ross, TJ Maxx	100%
Kendall Corners	96,515	Miami, FL	City Furniture	100%
Palm Lakes Plaza	113,752	Margate (Ft. Lauderdale), FL	Publix, CVS	99%
South Dade Shopping Center	219,473	Miami, FL	Publix, Bed Bath & Beyond, PETCO	100%

The Company is a Texas real estate investment trust, which is primarily involved in the acquisition, development, and management of real estate, consisting mostly of neighborhood and community shopping centers and, to a lesser extent, industrial properties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying Historical Summary has been prepared for the purpose of complying with the provisions of Article 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission (the "SEC"), which requires certain information with respect to real estate operations to be included with certain filings with the SEC. The Historical Summary for the year ended December 31, 2005 includes the historical revenues and certain operating expenses of the Portfolio, exclusive of interest, management fees, corporate level general and administrative expenses and depreciation and amortization, which may not be comparable to the future operations of the Portfolio.

Revenue Recognition - Rental revenue is generally recognized on a straight-line basis over the life of the lease. The adjustment for straight line rent was \$340 thousand for the year ended 2005 and \$201 thousand for the six months ended June 30, 2006 (unaudited). Rental revenue includes revenue based on a percentage of tenants' sales, which is recognized only after the tenant exceeds their sales breakpoint. All leases have been accounted for as operating leases. Tenant reimbursements represent revenues from tenants for reimbursements of taxes, maintenance expenses and insurance, which is recognized in the period the related expense is recorded.

Repairs and Maintenance - Expenditures for repairs and maintenance are expensed as incurred.

Use of Estimates - The preparation of the financial statement in conformity with accounting principles generally accepted in the United States of America requires the Portfolio's management to make estimates and assumptions that affect amounts reported in the financial statement as well as certain disclosures. Actual results could differ from those estimates.

3. RENTALS UNDER OPERATING LEASES

Future minimum rental income from non-cancelable operating leases at December 31, 2005 is as follows:

2006	\$ 16,240,114
2007	15,739,295
2008	14,942,873
2009	13,275,073
2010	10,959,995
Thereafter	33,664,694

The future minimum lease payments do not include estimates for tenant reimbursements nor amounts based on a percentage of the tenants' sales. Percentage rental income and tenant reimbursements totaled \$.4 million and \$4.7 million, respectively, for the year ended December 31, 2005. Percentage rental income and tenant reimbursements totaled \$.4 million and \$2.9 million, respectively, for the six months ended June 30, 2006 (unaudited).

4. TENANT CONCENTRATION

Each of the seven properties has at least one anchor tenant. The anchor tenants include Publix, Bed Bath and Beyond, Albertson's, and City Furniture. The largest tenant represented approximately 6% of the total rental revenue recorded by the Portfolio in 2005.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying combined statements of revenues and certain expenses (the "Historical Summary") of North American Properties Portfolio (the "Portfolio"), for the year ended December 31, 2005. This Historical Summary is the responsibility of the Portfolio's management. Our responsibility is to express an opinion on the Historical Summary based on our audit.

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

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in the Form 8-K of Weingarten Realty Investors) as described in Note 2 and is not intended to be a complete presentation of the Portfolio's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the revenues and certain expenses described in Note 2 to the Historical Summary, of the North American Properties Portfolio for the year ended December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Houston, Texas
October 31, 2006

**NORTH AMERICAN PROPERTIES PORTFOLIO
 COMBINED STATEMENTS OF REVENUES AND CERTAIN EXPENSES
 FOR THE SIX MONTHS ENDED JUNE 30, 2006 (UNAUDITED) AND
 FOR THE YEAR ENDED DECEMBER 31, 2005**

	Six Months Ended June 30, 2006 (Unaudited)	Year Ended December 31, 2005
REVENUES:		
Rental	\$ 3,606,499	\$ 3,123,818
Tenant reimbursements	765,350	336,731
Total Revenues	4,371,849	3,460,549
CERTAIN EXPENSES:		
Property operating and maintenance	501,680	362,397
Ad valorem taxes	632,272	118,533
Total Certain Expenses	1,133,952	480,930
EXCESS OF REVENUES OVER CERTAIN EXPENSES	\$ 3,237,897	\$ 2,979,619

See accompanying notes to combined statements of revenues and certain expenses.

**NORTH AMERICAN PROPERTIES PORTFOLIO
 NOTES TO COMBINED STATEMENTS OF REVENUES AND CERTAIN EXPENSES FOR THE SIX
 MONTHS ENDED JUNE 30, 2006 (UNAUDITED) AND FOR THE YEAR ENDED DECEMBER 31, 2005**

1. ORGANIZATION

The accompanying combined statements of revenues and certain expenses (the "Historical Summary") includes the operations of the North American Properties Portfolio (the "Portfolio"). The Portfolio was purchased by Weingarten Realty Investors (the "Company") from North American Properties for approximately \$183 million in August 2006.

The following properties were acquired (Unaudited):

Center Name	Total Square Feet	Location	Anchors	Occupancy at Acquisition Date	Property Development Completed
Brookwood Marketplace	375,000	Atlanta, GA	SuperTarget*, Home Depot, OfficeMax	96.4%	3 rd Qtr 2006