CHANNELADVISOR CORP
Form S-1
October 28, 2013
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As filed with the Securities and Exchange Commission on October 28, 2013
Registration No. 333-______

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

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CHANNELADVISOR CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	7372	56-2257867
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

2701 Aerial Center Parkway
Morrisville, NC 27560
(919) 228-4700
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

M. Scot Wingo
Chief Executive Officer
ChannelAdvisor Corporation
2701 Aerial Center Parkway
Morrisville, NC 27560
(919) 228-4700
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.
If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ¨

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 the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 under the Securities Exchange Act of 1934. (Check one):

Large Accelerated Filer ¨ Accelerated Filer ¨ Non-accelerated Filer ý Smaller Reporting Company ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Aggregate Offering Price Per Share	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Stock, $0.001 par value per share	5,750,000 shares	$35.78	$205,735,000	$26,498.67

(1) Includes shares that the underwriters have the option to purchase.

(2) Estimated solely for purposes of calculating the amount of the registration fee pursuant to Rule 457(c) under the Securities Act on the basis of the average of the high and low prices of the Registrant's common stock as reported on the New York Stock Exchange on October 22, 2013.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated October 28, 2013

5,000,000 Shares

Common Stock

ChannelAdvisor Corporation is offering 1,000,000 shares of its common stock and the selling stockholders identified in this prospectus are offering an additional 4,000,000 shares. We will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders.

Our common stock is listed on the New York Stock Exchange under the symbol "ECOM." On , 2013, the last reported sale price of our common stock on the New York Stock Exchange was $ per share.
We are an “emerging growth company” as that term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, have elected to comply with certain reduced public company reporting requirements.

See “Risk Factors” beginning on page 11 to read about factors you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to ChannelAdvisor	Proceeds to Selling Stockholders
Per Share	$	$	$	$
Total	$	$	$	$

The selling stockholders have granted the underwriters the option to purchase up to an additional 750,000 shares of common stock.
The underwriters expect to deliver the shares to the purchasers on , 2013.

Goldman, Sachs & Co. Stifel
Pacific Crest Securities
Baird BMO Capital Markets Needham & Company Raymond James

Prospectus dated , 2013

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We have not, the selling stockholders have not and the underwriters have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

For investors outside the United States: We have not, the selling stockholders have not and the underwriters have not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons who come into possession of this prospectus and any applicable free writing prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus and any such free writing prospectus applicable to that jurisdiction.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus, including our consolidated financial statements and the related notes thereto and the information set forth under the sections "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in each case included in this prospectus. Unless the context otherwise requires, we use the terms "ChannelAdvisor," "company," "we," "us" and "our" in this prospectus to refer to ChannelAdvisor Corporation and, where appropriate, our consolidated subsidiaries.

Company Overview

We are a leading provider of software-as-a-service, or SaaS, solutions that enable our retailer and manufacturer customers to integrate, manage and optimize their merchandise sales across hundreds of online channels. Through our platform, we enable our customers to connect with new and existing sources of demand for their products, including e-commerce marketplaces, such as eBay, Amazon and Newegg, search engines and comparison shopping websites, such as Google, Microsoft's Bing, and Nextag, and emerging channels, such as Facebook and Groupon. Our suite of solutions, accessed through a standard web browser, provides our customers with a single, integrated user interface to manage their product listings, inventory availability, pricing optimization, search terms, data analytics and other critical functions across these channels. Our proprietary cloud-based technology platform delivers significant breadth, scalability and flexibility to our customers. In 2012, our customers processed over $3.5 billion in gross merchandise value, or GMV, through our platform. As of September 30, 2013, our customers managed over 130 million stock-keeping units, or SKUs, of their inventory on our platform.

We serve customers across a wide range of industries and geographies. As of September 30, 2013, we had over 2,200 customers worldwide, including 27% of the top 500 U.S. Internet retailers, as ranked by Internet Retailer magazine based on 2012 sales, up from 16% of the top 500 U.S. Internet retailers, based on 2007 sales, as of December 31, 2007. Our customers include both traditional and online retailers, such as Ann Taylor, eBags.com, J&R Electronics and Jos. A. Bank Clothiers, as well as manufacturers of consumer goods, such as Dell, Dooney and Bourke, Lenovo, Sony and Under Armour. We derive revenue primarily from subscription fees paid to us by our customers for access to our cloud-based solutions. We generally structure our contracts to include both a fixed subscription fee and a variable subscription fee that allows us to participate in a share of our customers' GMV processed through our platform. We believe this contract structure aligns our interests with those of our customers.

The e-commerce market has grown significantly over the last several years, as consumers have increasingly shifted their retail purchases from traditional brick and mortar stores to online stores and marketplaces. This trend has created many opportunities for retailers and manufacturers, but at the same time has resulted in additional complexity and challenges. Retailers and manufacturers seeking new avenues to expand their online sales must manage product data and transactions across hundreds of highly fragmented online channels where data attributes vary, requirements change frequently and the pace of innovation is rapid and increasing.

In response to these challenges, we offer retailers and manufacturers SaaS solutions that enable them to integrate, manage and optimize their merchandise sales across disparate online channels on a unified platform. As channels frequently update their product information requirements, policies, merchandising strategies and integration specifications, retailers and manufacturers must revise their online business strategies, product listings and attributes, and business rules, which can be resource-intensive and time-consuming. Through our SaaS platform, which is delivered using a single code base and multi-tenant architecture, our customers have real-time access to our most up-to-date capabilities for listing and managing their products on new and existing online channels.

From 2010 to 2012, our total revenue increased from $36.7 million to $53.6 million, a compound annual growth rate of 20.9%. Our core revenue increased from $32.7 million in 2010 to $51.2 million in 2012, a compound annual growth rate of 25.1%. Our core revenue excludes revenue attributable to the products from two small acquisitions that we completed prior to 2008 and that are no longer part of our strategic focus, as discussed further in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Operating and Financial Performance Metrics." For the nine months ended September 30, 2013 as compared to the same period in 2012, we grew our total revenue from $37.6 million to $47.5 million, an increase of 26.3%, and our core revenue from $35.8 million to $46.1 million, an increase of 28.8%. Our gross margin, based on total revenue, expanded from 66.8% in 2010 to 72.5% in 2012, and from 71.5% for the nine months ended September 30, 2012 to 72.7% for the nine months ended September 30, 2013.

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Industry Background

According to Forrester Research, Inc., or Forrester, an industry research firm, e-commerce consumer spending in the United States, Europe, Asia-Pacific and Latin America is expected to increase from $647 billion in 2012 to $1.1 trillion in 2016, a compound annual growth rate of 14%.

E-commerce is an increasingly complex and fragmented market due to the hundreds of channels available to retailers and manufacturers and the rapid pace of change and innovation across those channels. Several significant trends have contributed to this increasing complexity and fragmentation, including:

- the emergence and growth of online third-party marketplaces;
- mainstream adoption of mobile devices for e-commerce;
- the increased use of search engines and comparison shopping websites;
- global growth in e-commerce driving opportunities for international sales; and
- the increasing use of social networks and other specialty websites as e-commerce channels.

The increasing complexity and fragmentation of e-commerce channels is placing greater demands on retailers and manufacturers that want to grow their online sales. They need solutions that will enable them to easily integrate their product offerings and inventory across multiple online channels. Traditionally, retailers and manufacturers built in-house solutions, purchased channel-specific solutions, known as point solutions, or used the channels' individual capabilities. However, in-house solutions can be costly and difficult to adapt to industry change and innovation, and point solutions, as well as channels' individual solutions, can be narrowly tailored and can limit retailers and manufacturers to managing single online channels or a single category of channels.

SaaS platforms generally offer customers several distinct advantages over these types of traditional models, including lower upfront and ongoing costs, faster speed of implementation and less reliance on internal IT staff. Gartner Inc., or Gartner, an industry research firm, estimates that the total worldwide cloud SaaS market will grow from $14.5 billion in 2011 to $45.6 billion in 2017, a compound annual growth rate of 21%, and that sales of e-commerce enablement services will grow from $4.9 billion in 2011 to $10.1 billion in 2017, a compound annual growth rate of 13%.

Our Solutions

Our suite of SaaS solutions allows our customers to more easily integrate, manage and optimize their online sales across hundreds of available channels through a single, integrated platform. Our suite of solutions includes a number of individual offerings, or modules. Each module integrates with a particular type of channel, such as third-party marketplaces, paid search or comparison shopping websites, or supports specific online functionality, such as creating webstores or employing rich media solutions on their websites. We believe our suite of solutions offers the following key benefits for our customers:

- Single, fully integrated solution.   We provide our customers with a single web-based interface as the central location for them to control, analyze and manage their online sales across hundreds of available channels and multiple geographies. This unified view enables our customers to more easily and cost-effectively manage product listings, inventory availability, pricing optimization, search terms, data analytics and other critical functions.
- Reduced integration costs, time to market and dependence on in-house resources.   Customers can more easily and quickly introduce their products, both to channels on which they already have a presence and to new channels, without incurring the costs related to installing and maintaining their own hardware and software infrastructure.
- Scalable technology platform.   In 2012, our customers processed over $3.5 billion in GMV through our platform, and as of September 30, 2013, our customers managed over 130 million SKUs of their inventory on our platform. We believe that the scalability of our platform allows our customers to quickly and efficiently increase the number of product listings and transactions processed through our platform.
- Flexibility to adapt and instantaneous access to our most up-to-date capabilities.   When we develop and deploy new features, functions and capabilities, or make changes to keep up with the

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changing priorities and requirements of each channel, our customers simultaneously benefit from those new capabilities and changes.

- Robust data and reporting analytics. We provide our customers with actionable insights across the latest channel and consumer trends and general product performance, which enables them to evaluate and, if necessary, improve the efficiency of their business rules on existing or new channels.

Our Competitive Strengths

We believe we have the following competitive strengths:

- Industry leadership. We believe that we are regarded as a trusted expert on the e-commerce industry. We have thousands of customers and we also maintain close working relationships with the major channels, including Amazon, eBay and Google. These relationships often provide us early visibility into upcoming changes that are important to our customers.
- Channel independence. Unlike the integration and listings management solutions offered by individual channels or third-party solutions that support only one channel or category of channel, our solutions do not favor any one channel over others. This channel independence enables our customers to optimize their online sales regardless of the specific channels they choose.
- Network effects. We believe the breadth of channels that we support attracts customers to our solutions. As our customer base has grown, we have experienced increased demand from channels seeking to be integrated with our platform. We believe the demands of our customers for access to new online channels, and the demands of online channels for access to new retailers and manufacturers, reinforce each other and enhance the value of our solutions.
- Economies of scale. With over 2,200 customers subscribing to our solutions that generate core revenue, which we refer to as core customers, we believe that we have achieved economies of scale across our customer base that enable us to provide services more cost-effectively than retailers and manufacturers who develop and manage their own in-house systems.
- Established global presence. As of September 30, 2013, we had over 600 core customers outside of the United States. Core customers outside the United States accounted for over 20% of our core revenue during the year ended December 31, 2012 and the nine months ended September 30, 2013. With international offices in the United Kingdom, Ireland, Germany, Australia, Hong Kong and Brazil, we believe that our international presence enhances our ability to connect customers with demand for their products from a global audience.

Our Growth Strategy

We seek to strengthen our position as a leading provider of solutions that connect retailers and manufacturers with established and emerging online sources of demand for their products. The key elements of our growth strategy include:

- Expanding our sales force to acquire new customers. We intend to increase our sales force in order to reach and acquire new customers in existing and new geographies. By increasing investment in our sales and marketing capabilities, we believe that we will be able to further expand our brand among new potential customers, grow our revenue and achieve greater economies of scale.
- Broadening and deepening existing customer relationships. We intend to expand our sales, marketing and services efforts to help our customers increase their overall GMV processed through our platform by taking full advantage of the functionality of our suite of solutions. As our customer service team works with our customers to optimize usage of their existing modules, our customers' online businesses often improve, and customers look to expand into additional modules within our suite of solutions.
- Increasing our global market presence. We intend to continue our international expansion to attract new international customers and help our existing multinational customers grow their online sales. We plan to expand our existing presence in Europe and the Asia-Pacific region and to establish new operations in Latin America.

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- Expanding the number of channels supported by our platform. We intend to continue to integrate our solutions with additional channels both within the United States and abroad, such as MercadoLibre in Latin America and Alibaba in Asia. We believe that by selectively adding more channels, we will grow both our customer base and the potential GMV that customers are able to process through our platform.
- Maintaining innovation leadership. We intend to continue to develop and introduce new features and improved functionality to our platform. Key initiatives include developing increased workflow automation, enhanced data analytics and expanded foreign language support.
- Opportunistically pursuing strategic acquisitions. We may pursue acquisitions of complementary businesses and technologies that are consistent with our overall growth strategy. We believe that a selective acquisition strategy could enable us to enhance our product capabilities, gain new customers and accelerate our expansion into new markets.

Risks Related to our Business

Our business is subject to a number of risks of which you should be aware before making an investment decision. These risks are discussed more fully in the “Risk Factors” section of this prospectus immediately following this prospectus summary. These risks include, among others:

- We have incurred significant net losses since inception, and we expect our operating expenses to increase significantly in the foreseeable future, which may make it more difficult for us to achieve profitability.
- A significant portion of our revenue is attributable to sales by our customers on the Amazon and eBay marketplaces and through advertisements on Google. Our inability to continue to integrate our solutions with these channels would make our solutions less appealing to existing and potential new customers and could significantly reduce our revenue.
- We may not be able to respond to rapid changes in channel technologies or requirements, which could cause us to lose customers and revenue and make it more difficult to achieve profitability.
- We may not be able to compete successfully against current and future competitors, which could include the channels themselves.
- We currently rely on two non-redundant data centers to deliver our SaaS solutions. Any disruption of service at these facilities could harm our business.
- We rely in part on a pricing model under which a portion of the subscription fees we receive from customers is variable, based upon the amount of GMV that those customers process through our platform, and any change in the attractiveness of that model or any decline in our customers’ sales could adversely affect our financial results.
- If the e-commerce market does not grow, or grows more slowly than we expect, particularly on the channels that our solutions support, demand for our solutions could be adversely affected.
- Our increasing international operations subject us to increased challenges and risks.
- We may need additional capital in the future to meet our financial obligations and to pursue our business objectives. This capital may not be available on favorable terms, or at all.

Ownership of our Capital Stock

Upon the completion of this offering, our directors and executive officers and their affiliates will beneficially own, in the aggregate, approximately million shares of our common stock, or approximately % of our outstanding common stock, assuming no exercise of the underwriters’ option to purchase additional shares of our common stock in this offering.

Corporate Information

We were incorporated under the laws of the State of Delaware in June 2001. Our principal executive offices are located at 2701 Aerial Center Parkway, Morrisville, North Carolina. Our telephone number is (919) 228-4700. The information contained on our website is not incorporated by reference into this prospectus, and you should not consider any information contained on, or that can be accessed through, our website as part of this prospectus or in deciding whether to purchase our common stock.

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THE OFFERING

Common stock offered by ChannelAdvisor	1,000,000 shares
Common stock offered by the selling stockholders	4,000,000 shares
Total common stock offered	5,000,000 shares
Total common stock to be outstanding after this offering	22,672,635 shares
Option to purchase additional shares of common stock	The underwriters have an option to purchase a maximum of 750,000 additional shares from the selling stockholders. The underwriters can exercise this option at any time within 30 days from the date of this prospectus.
Use of proceeds	We expect the net proceeds to us from this offering, after expenses, will be approximately $ million, based on an assumed public offering price of $ per share, which is the last reported sales price of our common stock on the New York Stock Exchange on , 2013. We intend to use the net proceeds from this offering for working capital and other general corporate purposes, including further expansion of our sales and marketing capabilities and international operations. In addition, we may use a portion of the proceeds from this offering for opportunistic acquisitions of complementary businesses, technologies or other assets, although we do not currently have plans for any acquisitions. We will not receive any of the proceeds from the sale of shares to be offered by the selling stockholders, including any shares purchased upon the exercise of the underwriters' option to purchase additional shares. See “Use of Proceeds” for additional information.
Risk factors	See the section titled “Risk Factors” and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.
New York Stock Exchange symbol	ECOM

The number of shares of our common stock that will be outstanding after this offering is based on 21,672,635 shares of common stock outstanding as of September 30, 2013 and excludes:

- 2,569,393 shares of our common stock issuable upon the exercise of stock options outstanding under our 2001 stock plan and our 2013 equity incentive plan as of September 30, 2013, at a weighted average exercise price of $5.75 per share;

- 1,625,728 shares of our common stock issuable upon the exercise of warrants outstanding as of September 30, 2013, at a weighted average exercise price of $13.93 per share;
- 1,142,479 shares of our common stock reserved for future issuance, as of September 30, 2013, under our 2013 equity incentive plan; and

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- any additional shares that may be reserved for future issuance under our 2013 equity incentive plan as a result of automatic annual increases in the share reserve beginning on January 1, 2014.

Except as otherwise indicated herein, all information in this prospectus, including the number of shares that will be outstanding after this offering, assumes:

- no exercise of options or warrants outstanding as of September 30, 2013; and
- no exercise by the underwriters of their option to purchase additional shares.

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Summary Consolidated Financial Data

In the tables below, we provide you with summary consolidated financial data of ChannelAdvisor Corporation for the periods indicated. We have derived the following summary consolidated statement of operations data for the years ended December 31, 2010, 2011 and 2012 from our audited consolidated financial statements appearing elsewhere in this prospectus. We have derived the following summary consolidated statement of operations data for the nine months ended September 30, 2012 and 2013 and balance sheet data as of September 30, 2013 from our unaudited condensed consolidated interim financial statements appearing elsewhere in this prospectus.

Our historical results are not necessarily indicative of the results to be expected in the future, and our operating results for the nine months ended September 30, 2013 are not necessarily indicative of the results to be expected for the entire year ending December 31, 2013.

You should read this summary consolidated financial data together with the historical financial statements and related notes to those statements, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations," which are included elsewhere in this prospectus.

	Year Ended December 31,			Nine Months Ended September 30,	
	2010	2011	2012	2012	2013
	(in thousands, except share and per share data)				
Consolidated statement of operations data:					
Revenue	$36,688	$43,570	$53,587	$37,594	$47,518
Cost of revenue	12,164	12,248	14,749	10,707	12,971
Gross profit	24,524	31,322	38,838	26,887	34,547
Operating expenses:					
Sales and marketing	14,867	19,106	24,326	18,165	26,398
Research and development	8,416	8,842	10,109	7,533	8,882
General and administrative	6,111	6,551	8,252	5,862	8,641
Total operating expenses	29,394	34,499	42,687	31,560	43,921
Loss from operations	(4,870)	(3,177)	(3,849)	(4,673)	(9,374)
Total other income (expense)	258	(636)	(1,154)	(803)	(2,589)
Loss before income taxes	(4,612)	(3,813)	(5,003)	(5,476)	(11,963)
Income tax expense (benefit)	112	51	(70)	83	56
Net loss	$(4,724)	$(3,864)	$(4,933)	$(5,559)	$(12,019)
Net loss per share—basic and diluted	$(4.77)	(3.45)	$(4.23)	$(4.81)	$(1.13)
Weighted average shares of common stock outstanding used in computing net loss per share—basic and diluted	989,780	1,120,902	1,164,942	1,155,106	10,652,921
Stock-based compensation expense included above:					
Cost of revenue	$21	$15	$64	$38	$159
Sales and marketing	59	16	224	121	439
Research and development	38	58	105	74	264
General and administrative	216	111	245	160	571
Other financial data:					
Adjusted EBITDA(1)	$(422)	$(910)	$(277)	$(2,154)	$(5,305)

(1) We define adjusted EBITDA, which is a non-GAAP financial measure, as net loss plus: income tax expense, interest expense, depreciation and amortization, and stock-based compensation. Please see "—Adjusted EBITDA" for

more information and for a reconciliation of adjusted EBITDA to net loss, the most directly comparable financial measure calculated and presented in accordance with GAAP.

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	As of September 30, 2013 (in thousands)
Consolidated balance sheet data:	
Cash	$90,287
Accounts receivable, net	10,796
Restricted cash	686
Total assets	128,674
Long-term debt, including current portion	11,351
Total liabilities	38,528
Additional paid-in capital	182,104
Total stockholders' equity	90,146

Adjusted EBITDA

To provide investors with additional information regarding our financial results, we have provided within this prospectus adjusted EBITDA, a financial measure that is not calculated in accordance with generally accepted accounting principles, or GAAP. We have provided below a reconciliation of adjusted EBITDA to net loss, the most directly comparable GAAP financial measure.

We have included adjusted EBITDA in this prospectus because it is a key measure used by our management and board of directors to understand and evaluate our operating performance and trends, to prepare and approve our annual budget and to develop short- and long-term operational plans. In particular, the exclusion of some expenses in calculating adjusted EBITDA can provide a useful measure for period-to-period comparisons of our business. Accordingly, we believe that adjusted EBITDA provides useful information to investors in understanding and evaluating our operating results.

Our use of adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- adjusted EBITDA does not reflect the potentially dilutive impact of equity-based compensation;
- adjusted EBITDA does not reflect interest or tax payments that may represent a reduction in cash available to us; and
- other companies, including companies in our industry, may calculate adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

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Because of these and other limitations, you should consider adjusted EBITDA together with other GAAP-based financial performance measures, including various cash flow metrics, net loss and our other GAAP results. The following table presents a reconciliation of net loss to adjusted EBITDA for each of the periods indicated:

	Year Ended December 31,			Nine Months Ended September 30,	
	2010	2011	2012	2012	2013
	(in thousands)				
Net loss	$(4,724)	$(3,864)	$(4,933)	$(5,559)	$(12,019)
Adjustments:					
Interest expense, net	486	642	1,185	828	2,606
Income tax expense (benefit)	112	51	(70)	83	56
Depreciation and amortization expense	3,370	2,061	2,903	2,101	2,619
Total adjustments, net	3,968	2,754	4,018	3,012	5,281
EBITDA	(756)	(1,110)	(915)	(2,547)	(6,738)

Net Income	$ 152,520	$ 171,425
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	120,133	100,703
Equity in earnings of real estate joint ventures and partnerships, net	(15,537)	(12,513)
Income allocated to minority interests	6,968	7,678
Gain on land and merchant development sales	(8,240)	(8,150)
Gain on sale of properties	(54,084)	(62,694)
Distributions of income from unconsolidated real estate joint ventures and partnerships	2,419	2,160
Changes in accrued rent and accounts receivable	(4,829)	(5,336)
Changes in other assets	(17,651)	(24,701)
Changes in accounts payable and accrued expenses	(28,385)	(22,199)
Other, net	4,209	590
Net cash provided by operating activities	157,523	146,963
Cash Flows from Investing Activities:		
Investment in property	(229,807)	(634,443)
Proceeds from sale and disposition of properties, net	190,388	251,417
Change in restricted deposits and mortgage escrows	21,049	66,086
Notes receivable from real estate joint ventures and partnerships and other receivables:		
Advances	(109,610)	(118,163)
Collections	25,161	74,569

Real estate joint ventures and partnerships:		
Investments	(4,036)	(72,981)
Distributions of capital	16,298	15,976
Net cash used in investing activities	(90,557)	(417,539)
Cash Flows from Financing Activities:		
Proceeds from issuance of:		
Debt	386,660	150,092
Common shares of beneficial interest	2,786	2,853
Preferred shares of beneficial interest, net	118,013	387,678
Purchase of marketable securities in connection with the legal defeasance of mortgage notes payable		(21,509)
Repurchase of preferred shares of beneficial interest, net	(195,824)	
Repurchase of common shares of beneficial interest, net		(53,359)
Principal payments of debt	(229,370)	(62,384)
Common and preferred dividends paid	(159,649)	(144,160)
Debt issuance costs paid	(958)	(839)
Other, net	(1,177)	1,016
Net cash (used in) provided by financing activities	(79,519)	259,388
Net decrease in cash and cash equivalents	(12,553)	(11,188)
Cash and cash equivalents at January 1	65,777	71,003
Cash and cash equivalents at September 30	$ 53,224	$ 59,815

See Notes to Condensed Consolidated Financial Statements.

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

Note 1. Interim Financial Statements

The condensed consolidated financial statements included in this report are unaudited; however, amounts presented in the condensed consolidated balance sheet as of December 31, 2007 are derived from our audited financial statements at that date. In our opinion, all adjustments necessary for a fair presentation of such financial statements have been included. Such adjustments consisted of normal recurring items. Interim results are not necessarily indicative of results for a full year.

The condensed consolidated financial statements and notes are presented as permitted by Form 10-Q and certain information included in our annual financial statements and notes has been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2007.

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

We operate a portfolio of properties that include neighborhood and community shopping centers and industrial properties of approximately 73.5 million square feet. We have a diversified tenant base with our largest tenant comprising only 2.8% of total rental revenues during 2008.

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

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

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

Real Estate Joint Ventures and Partnerships
To determine the method of accounting for partially owned real estate joint ventures and partnerships, we first apply the guidelines set forth in Financial Accounting Standards Board ("FASB") Interpretation No. 46R, "Consolidation of Variable Interest Entities." In March 2008, we contributed 18 neighborhood/community shopping centers located in Texas with an aggregate value of approximately $227.5 million, and aggregating more than 2.1 million square feet, to a joint venture. We sold an 85% interest in this joint venture to AEW Capital Management on behalf of one of its institutional clients and received proceeds of approximately $216.1 million. Financing totaling $154.3 million was

placed on the properties and guaranteed by us. This venture is a variable interest entity and due to our guarantee of the debt, we have consolidated this joint venture. Our maximum exposure to loss associated with this joint venture is primarily limited to our guarantee of the debt, which was approximately $154.3 million at September 30, 2008.

Partially owned real estate joint ventures and partnerships over which we exercise financial and operating control are consolidated in our financial statements. In determining if we exercise financial and operating control, 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 have the ability to exercise significant influence, but do not exercise financial and operating control, are accounted for using the equity method.

Our investments in partially owned real estate joint ventures and partnerships are reviewed for impairment, periodically, if events or circumstances change indicating that the carrying amount of our investments may not be recoverable. The ultimate realization of our investments in partially owned real estate joint ventures and partnerships is dependent on a number of factors, including the performance of each investment and market conditions. We will record an impairment charge if we determine that a decline in the value of an investment is other than temporary. No impairment was recorded for both the quarter and the nine months ended September 30, 2008 or 2007. However, due to the current credit and real estate market conditions, there is no certainty that an impairment would not occur in the future.

Restricted Deposits and Mortgage Escrows

Restricted deposits and mortgage escrows consist of escrow deposits held by lenders primarily for property taxes, insurance and replacement reserves and restricted cash that is held in a qualified escrow account for the purposes of completing like-kind exchange transactions. At September 30, 2008 and December 31, 2007, we had $1.0 million and $21.3 million held for like-kind exchange transactions, respectively, and $17.0 million and $17.6 million held in escrow related to our mortgages, respectively.

Per Share Data

Net income per common share - basic is computed using net income available to common shareholders and the weighted average shares outstanding. Net income per common share - diluted includes the effect of potentially dilutive securities for the periods indicated as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Numerator:				
Net income available to common shareholders	$ 29,053	$ 38,281	$ 124,828	$ 154,940
Income attributable to operating partnership units				3,311
Net income available to common shareholders - diluted	$ 29,053	$ 38,281	$ 124,828	$ 158,251
Denominator:				
Weighted average shares outstanding - basic	83,795	85,470	83,739	85,914
Effect of dilutive securities:				
Share options and awards	521	994	549	1,193
Operating partnership units				2,303
Weighted average shares outstanding - diluted	84,316	86,464	84,288	89,410

Options to purchase 2.0 million and .5 million common shares of beneficial interest for the three months ended September 30, 2008 and 2007, respectively, were not included in the calculation of net income per common share - diluted because the exercise prices were greater than the average market price of our common shares of beneficial interest for the period. Options to purchase 1.2 million and .5 million common shares of beneficial interest for the nine months ended September 30, 2008 and 2007, respectively, were not included in the calculation of net income per common share - diluted because the exercise prices were greater than the average market price of our common shares of beneficial interest for the period. For the three months ended September 30, 2008 and 2007, 2.4 million and 2.2 million, respectively, of operating partnership units were not included in the calculation of net income per common share – diluted because these units had an anti-dilutive effect. For the nine months ended September 30, 2008, 2.4 million of operating partnership units was not included in the calculation of net income per common share – diluted because these units had an anti-dilutive effect.

As of October 7, 2008, we sold 3.0 million common shares of beneficial interest at an average share price of $34.20. Had this transaction occurred on January 1, 2008, earnings per common share – basic and earnings per common share – diluted for the three months ended September 30, 2008 would have both decreased by $.02 and $.01, respectively, and earnings per common share – basic and earnings per common share – diluted for the nine months ended September 30, 2008 would have both decreased by $.05.

Cash Flow Information
All highly liquid investments with original maturities of three months or less are considered cash equivalents. We issued common shares of beneficial interest valued at $.4 million and $12.9 million for the nine months ended September 30, 2008 and 2007, respectively, in exchange for interests in real estate joint ventures and partnerships, which had been formed to acquire properties. We also accrued $23.4 million and $11.3 million as of September 30, 2008 and 2007, respectively, associated with the construction of property. Cash payments for interest on debt, net of amounts capitalized, of $137.6 million and $138.0 million were made during the nine months ended September 30, 2008 and 2007, respectively. Cash payments of $4.9 million and $.05 million for income taxes were made during the nine months ended September 30, 2008 and 2007, respectively.

In association with property acquisitions and investments in unconsolidated real estate joint ventures, items assumed were as follows (in thousands):

	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Debt	$ -	$ 63,957
Obligations under Capital Leases	-	12,888
Minority Interest	634	27,932
Net Assets and Liabilities	8,450	13,175

In connection with the sale of improved properties, we received notes receivable totaling $3.6 million during the nine months ended September 30, 2008. Net assets and liabilities were reduced by $59.8 million during the nine months ended September 30, 2007 from the reorganization of three joint ventures, two of which were previously consolidated, to tenancy-in-common arrangements where we have a 50% interest. This net reduction from the reorganization of three joint ventures was offset by the assumption of debt totaling $33.2 million. In conjunction with the disposition of properties completed for the nine months ended September 30, 2007, we defeased two mortgage loans totaling $21.2 million and transferred marketable securities totaling $21.5 million in connection with the legal defeasance of these two loans.

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

Note 2. Newly Issued Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157 ("SFAS 157"), "Fair Value Measurements." This statement defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. The key changes to current practice are (1) the definition of fair value, which focuses on an exit price rather than an entry price; (2) the methods used to measure fair value, such as emphasis that fair value is a market-based measurement, not an entity-specific measurement, as well as the inclusion of an adjustment for risk, restrictions and credit standing and (3) the expanded disclosures about fair value measurements. This statement does not require any new fair value measurements.

We adopted SFAS 157 in the first quarter of 2008 regarding our financial assets and liabilities currently recorded or disclosed at fair value. The FASB has issued FASB Staff Position No. FAS 157-2, "Effective Date of FASB Statement No. 157" which defers the provisions of SFAS 157 relating to nonfinancial assets and liabilities, and delays implementation by us until January 1, 2009. SFAS 157 has not and is not expected to materially affect how we determine fair value, but it has resulted in certain additional disclosures (see Note 15).

In October 2008, the FASB issued FASB Staff Position No. FAS 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active," to clarify the provisions of SFAS 157 relating to valuing a financial asset when the market for that asset is not active. This FSP was effective upon issuance and has not had a material effect on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 158 ("SFAS 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – An Amendment of FASB Statements No. 87, 88, 106, and 132R." This new standard requires an employer to: (a) recognize in its statement of financial position an asset for a plan's overfunded status or a liability for a plan's underfunded status; (b) measure a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year (with limited exceptions); and (c) recognize changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur. These changes will be reported in comprehensive income. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position (the "Measurement Provision") is effective for us on December 31, 2008. We have assessed the potential impact of the Measurement Provision of SFAS 158 and concluded that its adoption will not have a material effect on our consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159 ("SFAS 159"), "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS 159 expands opportunities to use fair value measurement in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value. This statement was effective for us on January 1, 2008, and we have elected not to measure any of our current eligible financial assets or liabilities at fair value upon adoption; however, we do have the option to elect to measure eligible financial assets or liabilities acquired in the future at fair value.

In December 2007, the FASB issued SFAS No. 141 (revised 2007) ("SFAS 141R"), "Business Combinations." SFAS 141R expands the original guidance's definition of a business. It broadens the fair value measurement and recognition to all assets acquired, liabilities assumed and interests transferred as a result of business combinations. SFAS 141R requires expanded disclosures to improve the ability to evaluate the nature and financial effects of business combinations. SFAS 141R is effective for us for business combinations made on or after January 1, 2009. While we have not formally quantified the effect, we expect the adoption of SFAS 141R to have a material effect on our accounting for future acquisition of properties.

In December 2007, the FASB issued SFAS No. 160 ("SFAS 160"), "Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51." SFAS 160 requires that a noncontrolling interest in an unconsolidated entity be reported as equity and any losses in excess of an unconsolidated entity's equity interest be recorded to the noncontrolling interest. The statement requires fair value measurement of any noncontrolling equity investment retained in a deconsolidation. SFAS 160 is effective for us on January 1, 2009 and many provisions will be applied retrospectively. We are currently evaluating the impact SFAS 160 will have on our consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161 ("SFAS 161"), "Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133." SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities. SFAS 161 is effective for us as amended by FASB Staff Position No. FAS 133-1 and FIN 45-4 (see below) on December 31, 2008. We are currently evaluating the impact SFAS 161 will have to the disclosures included in our consolidated financial statements.

In April 2008, the FASB issued FASB Staff Position No. FAS 142-3 ("FSP FAS 142-3"), "Determination of the Useful Life of Intangible Assets." FSP FAS 142-3 amends the factors that should be considered in developing renewal and extension assumptions used to determine the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of assets considered in a business combination. FSP FAS 142-3 is effective for us on January 1, 2009. We are currently evaluating the impact FSP FAS 142-3 will have on our consolidated financial statements.

In May 2008, the FASB issued FASB Staff Position No. APB 14-1 ("FSP APB 14-1"), "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)." FSP APB 14-1 will require that the initial debt proceeds from the sale of our convertible and exchangeable senior debentures be allocated between a liability component and an equity component in a manner that will reflect our effective nonconvertible borrowing rate. The resulting debt discount would be amortized using the effective interest method over the period the debt is expected to be outstanding as additional interest expense. FSP APB 14-1 is effective for us on January 1, 2009 and requires retroactive application. Upon the adoption of FSP APB 14-1, we estimate the unamortized debt discount (as of September 30, 2008) to be approximately $25.2 million to be included as a reduction of debt and approximately $43.5 million as accumulated additional paid-in capital on our consolidated balance sheet. We estimate incremental interest expense to be approximately $7.7 million for the first nine months of 2008 and $7.9 million and $3.2 million for the years ended December 31, 2007 and 2006, respectively.

In May 2008, the FASB issued SFAS No. 162 ("SFAS 162"), "The Hierarchy of Generally Accepted Accounting Principles." SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in presenting financial statements in conformity with generally accepted accounting principles in the United States. SFAS 162 is effective for us on November 15, 2008. We believe that the adoption of this standard on its effective date will not have a material effect on our consolidated financial statements.

In June 2008, the FASB issued FASB Staff Position No. EITF 03-6-1("FSP EITF 03-6-1"), "Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities." FSP EITF 03-6-1 considers unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) as participating securities. These participating securities shall be included in the computation of earnings per share pursuant to the two-class method under FASB Statement No. 128. FSP EITF 03-6-1 is effective for us on January 1, 2009. All prior-period earnings per share data presented shall be adjusted retrospectively. We are currently evaluating the impact FSP EITF 03-6-1 will have on our consolidated financial statements.

In September 2008, the FASB issued FASB Staff Position No. FAS 133-1 and FIN 45-4 ("FSP FAS 133-1"), "Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161." FSP FAS 133-1 requires disclosures by sellers of credit derivatives; additional disclosures on current status of payment/performance risk of guarantees and clarified the effective date of SFAS 161. FSP FAS 133-1 is effective for us on December 31, 2008. We are currently evaluating the impact FSP FAS 133-1 will have on our consolidated financial statements.

Note 3. Derivatives and Hedging

We occasionally hedge the future cash flows of our debt transactions, as well as changes in the fair value of our debt instruments, principally through interest rate swaps with major financial institutions. At September 30, 2008, we had two interest rate swap contracts designated as fair value hedges with an aggregate notional amount of $50.0 million that convert fixed interest payments at rates of 4.2% to variable interest payments. We have determined that they are highly effective in limiting our risk of changes in the fair value of fixed-rate notes attributable to changes in market interest rates.

At December 31, 2007, we had two forward-starting interest rate swap contracts with an aggregate notional amount of $118.6 million, which were designated as cash flow hedges to mitigate the risk of future fluctuations in interest rates on forecasted issuances of long-term debt.

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

Changes in the fair value of fair value hedges, as well as changes in the fair value of the hedged item attributable to the hedge risk, are recorded in earnings each reporting period. For the three and nine months ended September 30, 2008 and 2007, these changes in fair value were offset through earnings. The derivative instruments at September 30, 2008 were reported at their fair values in other assets, net of accrued interest, of $.2 million, and we had no derivative instruments reported in other liabilities. At December 31, 2007, derivative instruments were reported at their fair values in other liabilities, net of accrued interest, of $5.8 million, and we had no derivative instruments reported in other assets.

As of September 30, 2008 and December 31, 2007, the balance in accumulated other comprehensive loss relating to derivatives was $17.5 million and $11.8 million, respectively. Amounts amortized to interest expense were $.6 million and $.2 million during the three months ended September 30, 2008 and 2007, respectively, and $1.5 million and $.4 million during the nine months ended September 30, 2008 and 2007, respectively. Within the next 12 months, approximately $2.0 million of the balance in accumulated other comprehensive loss is expected to be amortized to interest expense.

For the three and nine months ended September 30, 2008, the interest rate swaps decreased interest expense and increased net income by $.1 million and $.5 million, respectively, and decreased the average interest rate of our debt by ..02% for both periods. The interest rate swaps increased interest expense and decreased net income by $.2 million and $.5 million for the three and nine months ended September 30, 2007, respectively, and increased the average interest rate of our debt by .02% for both periods. We could be exposed to losses in the event of nonperformance by the counter-parties; however, management believes the likelihood of such nonperformance is unlikely.

Note 4. Debt

Our debt consists of the following (in thousands):

	September 30, 2008	December 31, 2007
Debt payable to 2030 at 4.5% to 8.8%	$ 2,801,902	$ 2,876,445
Unsecured notes payable under revolving credit agreements	483,000	255,000
Obligations under capital leases	29,725	29,725
Industrial revenue bonds payable to 2015 at 3.8% to 7.6%	3,700	3,889
Total	$ 3,318,327	$ 3,165,059

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

	September 30, 2008	December 31, 2007
As to interest rate (including the effects of interest rate swaps):		
Fixed-rate debt	$ 2,768,894	$ 2,843,320
Variable-rate debt	549,433	321,739
Total	$ 3,318,327	$ 3,165,059
As to collateralization:		
Unsecured debt	$ 2,284,724	$ 2,095,506
Secured debt	1,033,603	1,069,553
Total	$ 3,318,327	$ 3,165,059

We have a $575 million unsecured revolving credit facility held by a syndicate of banks that expires in February 2010 and provides a one-year extension option available at our request. Borrowing rates under this facility float at a margin over LIBOR, plus a facility fee. The borrowing margin and facility fee, which are currently 42.5 and 15.0 basis points, respectively, are priced off a grid that is tied to our senior unsecured credit ratings. This facility retains a competitive bid feature that allows us to request bids for amounts up to $287.5 million from each of the syndicate banks, allowing us an opportunity to obtain pricing below what we would pay using the pricing grid.

At September 30, 2008 and December 31, 2007, the balance outstanding under the revolving credit facility was $483.0 million at a variable interest rate of 4.3% and $255.0 million at a variable interest rate of 5.4%, respectively. We also have an agreement for a $30 million unsecured and uncommitted overnight facility with a bank that we use for cash management purposes, of which no amounts were outstanding at September 30, 2008 and December 31, 2007. Letters of credit totaling $10.2 million and $9.2 million were outstanding under the revolving credit facility at September 30, 2008 and December 31, 2007, respectively. The available balance under our revolving credit agreement was $81.8 million and $310.8 million at September 30, 2008 and December 31, 2007, respectively. During the nine months ended September 30, 2008, the maximum balance and weighted average balance outstanding under both facilities combined were $503.0 million and $344.0 million, respectively, at a weighted average interest rate of 3.6%. During 2007, the maximum balance and weighted average balance outstanding under both facilities combined were $312.4 million and $96.7 million, respectively, at a weighted average interest rate of 6.1%.

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

In January 2008, we elected to repay at par a fixed-rate 8.33% mortgage totaling $121.8 million that was secured by 19 supermarket-anchored shopping centers in California originally acquired in April 2001.

As of December 31, 2007, the balance of secured debt that was assumed in conjunction with 2007 acquisitions was $99.4 million. A capital lease obligation totaling $12.9 million was assumed and subsequently settled in 2007.

Various leases and properties, and current and future rentals from those leases and properties, collateralize certain debt. At September 30, 2008 and December 31, 2007, the carrying value of such property aggregated $1.7 billion and $1.9 billion, respectively.

Scheduled principal payments on our debt (excluding $483.0 million due under our revolving credit agreements, $21.0 million of certain capital leases, $.2 million fair value of interest rate swaps and $25.2 million of non-cash debt-related items) are due during the following years (in thousands):

2008	$ 24,487
2009	113,420
2010	128,651
2011	316,785
2012	335,198
2013	334,851
2014	374,863
2015	249,780
2016	147,123
2017	29,391
Thereafter	734,444
Total	$ 2,788,993

Our various debt agreements contain restrictive covenants, including minimum interest and fixed charge coverage ratios, minimum unencumbered interest coverage ratios, minimum net worth requirements and maximum total debt levels. We believe we were in compliance with all restrictive covenants as of September 30, 2008.

In July 2006, we priced an offering of $575 million of 3.95% convertible senior unsecured notes due 2026, which closed on August 2, 2006. Interest is payable semi-annually in arrears on February 1 and August 1 of each year, beginning February 1, 2007. The debentures are convertible under certain circumstances for our common shares of beneficial interest at an initial conversion rate of 20.3770 common shares of beneficial interest per $1,000 of principal amount of debentures (an initial conversion price of $49.075). In addition, the conversion rate may be adjusted if certain change in control transactions or other specified events occur on or prior to August 4, 2011. Upon the conversion of debentures, we will deliver cash for the principal return, as defined, and cash or common shares of beneficial interest, at our option, for the excess of the conversion value, as defined, over the principal return. The debentures are redeemable for cash at our option beginning in 2011 for the principal amount plus accrued and unpaid interest. Holders of the debentures have the right to require us to repurchase their debentures for cash equal to the principal of the debentures plus accrued and unpaid interest in 2011, 2016 and 2021 and in the event of a change in control.

In connection with the issuance of these debentures, we filed a registration statement related to the resale of the debentures and the common shares of beneficial interest issuable upon the conversion of the debentures. This registration statement has been declared effective by the SEC.

Note 5. Preferred Shares

In June and July of 2008, we redeemed $120 million and $80 million of depositary shares, respectively, retiring all of the Series G Cumulative Redeemable Preferred Shares. Each depositary share represented one-hundredth of a Series G Cumulative Redeemable Preferred Share. These depositary shares were redeemed, at our option, at a redemption price of $25 multiplied by a graded rate per depositary share based on the date of redemption plus any accrued and unpaid dividends thereon. Upon the redemption of these shares, the related original issuance costs of $1.9 million were reported as a deduction in arriving at net income available to common shareholders. In September 2007, these depositary shares were issued through a private placement, and net proceeds of $193.6 million were used to repay amounts outstanding under our credit facilities. The Series G Preferred Shares paid a variable-rate quarterly dividend through July 2008 and had a liquidation preference of $2,500 per share. The variable-rate dividend was calculated on the period's three-month LIBOR rate plus a percentage determined by the number of days outstanding. At December 31, 2007, the variable-rate dividend was 5.9%.

We issued $150 million and $200 million of depositary shares on June 6, 2008 and January 30, 2007, respectively. Each depositary share represents one-hundredth of a Series F Cumulative Redeemable Preferred Share. The depositary shares are redeemable, in whole or in part, on or after January 30, 2012 at our option, at a redemption price of $25 per depositary share, plus any accrued and unpaid dividends thereon. The depositary shares are not convertible or exchangeable for any of our other property or securities. The Series F Preferred Shares pay a 6.5% annual dividend and have a liquidation value of $2,500 per share. Series F Preferred Shares issued in June 2008 were issued at a discount, resulting in an effective rate of 8.25%. Net proceeds of $118.1 million and $194.0 million in June 2008 and January 2007, respectively, were used to repay amounts outstanding under our revolving credit facilities and for general business purposes. Subsequent to the 2008 issuance, our revolving credit facilities were used to finance the partial redemption of the Series G Cumulative Redeemable Preferred Shares as described above.

In July 2004, we issued $72.5 million of depositary shares with each share representing one-hundredth of a Series E Cumulative Redeemable Preferred Share. The depositary shares are redeemable at our option on or after July 8, 2009, in whole or in part, for cash at a redemption price of $25 per depositary share, plus any accrued and unpaid dividends thereon. The depositary shares are not convertible or exchangeable for any of our other property or securities. The Series E preferred shares pay a 6.95% annual dividend and have a liquidation value of $2,500 per share.

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

Note 6. Common Shares of Beneficial Interest

In July 2007, our Board of Trust Managers authorized a common share repurchase program as part of our ongoing investment strategy. Under the terms of the program, we may purchase up to a maximum value of $300 million of our common shares of beneficial interest during the next two years. Share repurchases may be made in the open market or in privately negotiated transactions at the discretion of management and as market conditions warrant. We anticipate funding the repurchase of shares primarily through the proceeds received from our property disposition program, as well as from general corporate funds.

During 2007, we repurchased 2.8 million common shares of beneficial interest at an average share price of $37.12 and cancelled 1.4 million common shares of beneficial interest in both 2008 and 2007. As of September 30, 2008, the remaining value of common shares of beneficial interest available to be repurchased is $196.7 million.

Subsequent to September 30, 2008, we sold 3.0 million common shares of beneficial interest at $34.20 per share. Net proceeds from this offering were $98.2 million and were used to repay indebtedness outstanding under our revolving credit facilities and for other general corporate purposes.

Note 7. Treasury Shares of Beneficial Interest

At December 31, 2007, a total of 1.4 million common shares of beneficial interest were repurchased by us at an average share price of $36.47. These shares were subsequently retired on January 11, 2008.

Note 8. Property

Our property consisted of the following (in thousands):

	September 30, 2008	December 31, 2007
Land	$ 975,927	$ 974,145
Land held for development	111,905	62,033
Land under development	169,217	223,827
Buildings and improvements	3,547,558	3,533,037
Construction in-progress	261,143	179,302
Total	$ 5,065,750	$ 4,972,344

The following carrying charges were capitalized (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Interest	$ 5,236	$ 6,665	$ 15,376	$ 19,156
Ad valorem taxes	627	638	2,032	1,578
Total	$ 5,863	$ 7,303	$ 17,408	$ 20,734

During the nine months ended September 30, 2008, we invested $139.4 million in new development projects. During 2008, we commenced three new development projects, of which two are located in Texas and one in Florida. Of these, one property is held in a 70%-owned consolidated real estate joint venture. We also disposed of eight shopping centers, one industrial property and 21 land parcels.

Note 9. Discontinued Operations

During the first nine months of 2008, one industrial center located in Texas and eight shopping centers, five of which were located in Texas, one in California and two in Louisiana, were sold. During 2007, we sold one industrial center located in Texas and 17 shopping centers, nine of which were located in Texas, three in Louisiana, two each in Colorado and Illinois, and one in Georgia. The operating results of these properties have been reclassified and reported as discontinued operations in the Condensed Statements of Consolidated Income and Comprehensive Income in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," as well as any gains on the respective dispositions for all periods presented. Revenues recorded in operating income from discontinued operations for the three months ended September 30, 2008 and 2007, totaled $.2 million and $4.9 million, respectively, and $5.3 million and $19.5 million for the nine months ended September 30, 2008 and 2007, respectively. Included in the Condensed Consolidated Balance Sheet at December 31, 2007 were $88.3 million of property and $35.4 million of accumulated depreciation related to the property sold during the nine months ended September 30, 2008.

The discontinued operations reported for the first nine months of 2008 had no debt that was required to be repaid upon their disposition.

During the first nine months of 2007, we incurred a net loss of $.4 million on the defeasance of two loans totaling $21.2 million that were required to be settled upon their disposition. These defeasance costs were recognized as interest expense and have been reclassified and reported as discontinued operations.

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

Note 10. Notes Receivable from Real Estate Joint Ventures and Partnerships

We have ownership interests in a number of real estate joint ventures and partnerships. Notes receivable from these entities bear interest ranging from 4.0% to 10.0% at September 30, 2008 and 5.7% to 10.0% at December 31, 2007. These notes are due at various dates through 2028 and are generally secured by real estate assets. Interest income recognized on these notes was $1.2 million and $.8 million for the three months ended September 30, 2008 and 2007, respectively, and $2.9 million and $1.6 million for the nine months ended September 30, 2008 and 2007, respectively.

Note 11. Investment in Real Estate Joint Ventures and Partnerships

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

	September 30, 2008	December 31, 2007
Combined Condensed Balance Sheets		
Property	$ 1,786,708	$ 1,660,915
Accumulated depreciation	(96,985)	(71,998)
Property – net	1,689,723	1,588,917
Other assets	227,817	238,166
Total	$ 1,917,540	$ 1,827,083
Debt (primarily mortgage payables)	$ 397,129	$ 378,206
Amounts payable to Weingarten Realty Investors	170,704	87,191
Other liabilities	130,533	138,150
Accumulated equity	1,219,174	1,223,536
Total	$ 1,917,540	$ 1,827,083

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Combined Condensed Statements of Income				
Revenues	$ 39,021	$ 39,561	$ 117,344	$ 106,047
Expenses:				
Depreciation and amortization	10,868	9,760	30,099	25,296
Interest	5,491	7,014	14,808	17,500
Operating	6,218	5,786	19,146	15,574
Ad valorem taxes	4,480	3,955	13,834	12,288
General and administrative	809	276	1,786	621
Total	27,866	26,791	79,673	71,279
Gain on land and merchant development sales	443		933	
Gain (loss) on sale of properties	(3)	(5)	35	(5)
Net income	$ 11,595	$ 12,765	$ 38,639	$ 34,763

Our investment in real estate joint ventures and partnerships, as reported on our Condensed Consolidated Balance Sheets, differs from our proportionate share of the entities' underlying net assets due to basis differentials, which arose upon the transfer of assets to the joint ventures. The basis differentials, which totaled $14.9 million and $15.8 million at September 30, 2008 and December 31, 2007, respectively, are generally amortized over the useful lives of the related assets.

Fees earned by us for the management of these real estate joint ventures and partnerships totaled, in millions, $1.4 for both the three months ended September 30, 2008 and 2007, respectively, and $4.4 and $3.5 for the nine months ended September 30, 2008 and 2007, respectively.

During the first nine months of 2008, a 25%-owned unconsolidated real estate joint venture acquired a 4,000 square foot building located in Port Charlotte, Florida. A 50%-owned unconsolidated real estate joint venture was formed for the purposes of developing an industrial building in Houston, Texas, while a 32%-owned unconsolidated real estate joint venture commenced construction of a retail property in Salt Lake City, Utah.

In July 2008, a 47.75%-owned unconsolidated real estate joint venture (“WMB”) acquired an 83.34% interest (“WMMDHB”) in a 919,000 square foot new development to be constructed in Aurora, Colorado. WMB guaranteed debt issued to WMMDHB resulting in WMMDHB being classified as a variable interest entity of WMB. WMB’s maximum exposure to loss is primarily limited to the guarantee of the debt, which was approximately $15.6 million at September 30, 2008.

In August 2008, we executed a real estate limited partnership with a foreign institutional investor to purchase up to $250 million of retail properties in various states, of which our capital commitment is $17.6 million that will be funded as properties are acquired, but no later than June 30, 2011. Our ownership in this unconsolidated real estate limited partnership is 20.1%. As of September 30, 2008, no properties have been purchased.

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During the first nine months of 2007, a 25%-owned unconsolidated joint venture acquired two shopping centers. Cole Park Plaza is located in Chapel Hill, North Carolina, and Sunrise West is located in Sunrise, Florida. A 50%-owned unconsolidated joint venture was formed for the purpose of developing a retail shopping center. A 20%-owned unconsolidated joint venture acquired seven industrial properties, one each in Ashland and Chester, Virginia, two in Colonial Heights, Virginia and three in Richmond, Virginia. We invested in a 20% owned unconsolidated joint venture, which acquired three retail power centers: Pineapple Commons located in Stuart, Florida; Mansell Crossing located in Alpharetta, Georgia; and Preston Shepard Place located in Plano, Texas. We acquired a 10% interest in a retail shopping center located in San Jose, California through a tenancy-in-common arrangement.

In March 2007, three joint ventures, two of which were previously consolidated, were reorganized and our 50% interest in each of these properties is now held in a tenancy-in-common arrangement.

Note 12. Federal Income Tax Considerations

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

Our taxable REIT subsidiary is subject to federal, state and local income taxes. During the three months ended September 30, 2008 and 2007, we have recorded a federal income tax provision of $.02 million and $.3 million, respectively. For the nine months ended September 30, 2008 and 2007, we have recorded a federal income tax provision of $.8 million and $.5 million, respectively. Our deferred tax assets at September 30, 2008 and December 31, 2007 were $.5 million and $1.1 million, respectively, with the deferred tax liabilities totaling $1.3 million and $1.4 million, respectively. Also, an accrued tax payable of $.6 million and $2.3 million has been recorded at September 30, 2008 and December 31, 2007, respectively, in association with this tax.

We have reviewed our tax positions under FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109." FIN 48 clarifies the accounting for uncertainty in income taxes recognized in the financial statements. The interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition of a tax position taken, or expected to be taken, in a tax return. A tax position may only be recognized in the financial statements if it is more likely than not that the tax position will be sustained upon examination. We believe it is more likely than not that our tax positions will be sustained in any tax examinations.

In May 2006, the State of Texas enacted a new business tax (the "Revised Texas Franchise Tax") that replaced its existing franchise tax. In general, legal entities that do business in Texas are subject to the Revised Texas Franchise Tax. Most REITs are subject to the Revised Texas Franchise Tax, whereas they were previously exempt. The Revised Texas Franchise Tax became effective for franchise tax reports due on or after January 1, 2008 and is based on revenues earned during the 2007 fiscal year.

Because the Revised Texas Franchise Tax is determined by applying a tax rate to a base that considers both revenues and expenses, it is considered an income tax and is accounted for in accordance with the provisions of SFAS No. 109, "Accounting for Income Taxes."

During the three months ended September 30, 2008 and 2007, we recorded a provision for the Revised Texas Franchise Tax of $.7 million and $.6 million, respectively. For the nine months ended September 30, 2008 and 2007, we have recorded a provision for the Revised Texas Franchise Tax of $2.2 million and $1.5 million, respectively. The deferred tax assets associated with this tax each totaled $.1 million as of September 30, 2008 and December 31, 2007, and the deferred tax liability associated with this tax totaled $.2 million and $.1 million as of September 30, 2008 and December 31, 2007, respectively. Also, an accrued tax payable of $2.2 million and $2.0 million has been recorded at September 30, 2008 and December 31, 2007, respectively, in association with this tax.

Note 13. Commitments and Contingencies

We participate in six ventures, structured as DownREIT partnerships, which have properties in Arkansas, California, Georgia, North Carolina, Texas and Utah. As a general partner, we have operating and financial control over these ventures and consolidate their operations in our condensed consolidated financial statements. These ventures allow the outside limited partners to put their interest to the partnership for our common shares of beneficial interest or an equivalent amount in cash. We may acquire any limited partnership interests that are put to the partnership, and we have the option to redeem the interest in cash or a fixed number of our common shares of beneficial interest, at our discretion. We also participate in two real estate ventures that have properties in Florida and Texas that allow their outside partners to put their interest to operating partnership units to us for our common shares of beneficial interest or an equivalent amount in cash. We have the option to redeem these units in cash or a fixed number of our common shares of beneficial interest, at our discretion. During the first nine months of 2008 and 2007, we issued common shares of beneficial interest valued at $.4 million and $12.9 million, respectively, in exchange for certain of these limited partnership interests or operating partnership units. The aggregate redemption value of these operating partnership units was approximately $84 million and $76 million as of September 30, 2008 and December 31, 2007, respectively.

In April 2007, we acquired an industrial building located in Virginia. This purchase transaction includes an earnout provision of approximately $6 million that is contingent upon the lease up of vacant space by the property seller. This contingency agreement expires in 2009. We have an estimated obligation of $2.3 million and $5.6 million recorded as of September 30, 2008 and December 31, 2007. Since inception of this obligation, $3.3 million has been paid. Amounts paid or accrued under such earnouts are treated as additional purchase price and capitalized to the related property.

In January 2007, we acquired two retail properties in Arizona. This purchase transaction includes an earnout provision of approximately $29 million that is contingent upon the subsequent development of space by the property seller. This contingency agreement expires in 2010. We have an estimated obligation of $7.6 million and $4.2 million recorded as of September 30, 2008 and December 31, 2007, respectively. Since inception of this obligation, $5.2 million has been paid. Amounts paid or accrued under such earnouts are treated as additional purchase price and capitalized to the related property.

In August 2006, we acquired a portfolio of five properties, including four properties in Georgia and one in Florida. The purchase agreement allows for the subsequent development and leasing of an additional phase of Brookwood Marketplace by the property seller. If the terms of the purchase agreement are met by the seller, the purchase price would be increased by approximately $6.9 million. This agreement expired in August 2008; however, we have entered into a 180-day extension period per the terms of the purchase agreement. We have an estimated obligation of $1.3 million recorded as of September 30, 2008, and we had no obligation recorded for this contingency as of December 31, 2007. Since inception of this obligation, no amounts have been paid. Amounts paid or accrued under such earnouts are treated as additional purchase price and capitalized to the related property.

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

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

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

Related to our investment in a redevelopment project in Sheridan, Colorado that is held in an unconsolidated real estate joint venture, we, our joint venture partner and the joint venture have each provided a guarantee for the payment of any annual sinking fund requirement shortfalls on bonds issued in connection with the project. The Sheridan Redevelopment Agency issued $97 million of Series A bonds used for an urban renewal project. The bonds are to be repaid with incremental sales and property taxes and a public improvement fee ("PIF") to be assessed on future retail sales. The incremental taxes and PIF are to remain intact until the bond liability has been paid in full, including any amounts we may have to provide. We have evaluated and determined that the fair value of the guarantee is nominal. However, due to the guarantee, a liability has been recorded by the joint venture equal to amounts funded under the bonds.

In July 2008, a 47.75%-owned unconsolidated real estate joint venture ("WMB") acquired an 83.34% interest ("WMMDHB") in a 919,000 square foot new development to be constructed in Aurora, Colorado. WMB provided a guarantee on debt obtained by WMMDHB. WMB's maximum exposure to loss is limited to the guarantee of the debt, which was approximately $15.6 million at September 30, 2008. We have evaluated and determined that the fair value of the guarantee is nominal.

In August 2008, we executed a real estate limited partnership with a foreign institutional investor to purchase up to $250 million of retail properties in various states, of which our capital commitment is $17.6 million that will be funded as properties are acquired, but no later than June 30, 2011. Our ownership in this unconsolidated real estate limited partnership is 20.1%. As of September 30, 2008, no properties have been purchased.

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 counsel are of the opinion that, when such litigation is resolved, our resulting liability, if any, will not have a material effect on our condensed consolidated financial statements.

Note 14. Identified Intangible Assets and Liabilities

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

	September 30, 2008	December 31, 2007
Identified Intangible Assets:		
Above-Market Leases (included in Other Assets)	$ 18,657	$ 18,590
Above-Market Leases – Accumulated Amortization	(9,159)	(7,323)
Below-Market Assumed Mortgages (included in Debt)	2,072	2,072
Below-Market Assumed Mortgages – Accumulated Amortization	(455)	(246)
Valuation of In Place Leases (included in Unamortized Debt and Lease Costs)	64,481	59,498
Valuation of In Place Leases – Accumulated Amortization	(27,478)	(22,308)
	$ 48,118	$ 50,283
Identified Intangible Liabilities:		
Below-Market Leases (included in Other Liabilities)	$ 38,607	$ 39,141
Below-Market Leases – Accumulated Amortization	(16,233)	(11,949)
Above-Market Assumed Mortgages (included in Debt)	53,893	58,414
Above-Market Assumed Mortgages – Accumulated Amortization	(24,746)	(24,517)

	$	51,521	$	61,089

These identified intangible assets and liabilities are amortized over the terms of the acquired leases or the remaining lives of the assumed mortgages.

The net amortization of above-market and below-market leases increased rental revenues by $.9 million for both the three months ended September 30, 2008 and 2007 and by $2.6 million and $2.3 million for the nine months ended September 30, 2008 and 2007, respectively. The estimated net amortization of these intangible assets and liabilities will increase rental revenues for each of the next five years as follows (in thousands):

2009	$ 2,750
2010	1,926
2011	1,375
2012	1,139
2013	994

The amortization of the in place lease intangible recorded in depreciation and amortization, was $1.9 million and $2.1 million for the three months ended September 30, 2008 and 2007, respectively, and $6.4 million and $6.2 million for the nine months ended September 30, 2008 and 2007, respectively. The estimated amortization of this intangible asset will increase depreciation and amortization for each of the next five years as follows (in thousands):

2009	$ 6,899
2010	5,905
2011	4,616
2012	3,722
2013	2,898

The amortization of above-market and below-market assumed mortgages decreased interest expense by $1.2 million and $1.6 million for the three months ended September 30, 2008 and 2007, respectively, and by $4.5 million and $5.1 million for the nine months ended September 30, 2008 and 2007, respectively. The estimated amortization of these intangible assets and liabilities will decrease interest expense for each of the next five years as follows (in thousands):

2009	$ 4,476
2010	3,823
2011	2,526
2012	1,355
2013	908

Note 15. Fair Value Measurements

On January 1, 2008, we adopted SFAS 157 for our financial assets and liabilities. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 applies to reported balances that are required or permitted to be measured at fair value under existing accounting pronouncements; accordingly, the standard does not require any new fair value measurements of reported balances.

SFAS 157 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability. As a basis for considering market participant assumptions in fair value measurements, SFAS 157 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

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

Investments held in grantor trusts
These assets are valued based on publicly quoted market prices.

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

To comply with the provisions of SFAS 157, we incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counter-party's nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements, such as collateral, thresholds and guarantees.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counter-parties. However, as of September 30, 2008, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that the derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Assets and liabilities measured at fair value on a recurring basis as of September 30, 2008, aggregated by the level in the fair value hierarchy in which those measurements fall, are as follows (in thousands):

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at September 30, 2008
Assets:				
Derivative instruments		$ 157		$ 157
Investments held in grantor trusts	$ 31,376			31,376
Total	$ 31,376	$ 157	-	$ 31,533
Liabilities:				
Debt associated with derivative instruments		$ 50,157		$ 50,157
Deferred compensation plan obligations	$ 12,940			12,940
Total	$ 12,940	$ 50,157	-	$ 63,097

We do not have any assets or liabilities measured at fair value on a recurring basis whose fair value measurements use significant unobservable inputs (Level 3) as of September 30, 2008.

Note 16. Share Options and Awards

In 1992, we adopted the Employee Share Option Plan that grants 100 share options to every employee, excluding officers, upon completion of each five-year interval of service. This plan expires in 2012 and provides options for a maximum of 225,000 common shares of beneficial interest, of which .2 million is available for future grant of share options at September 30, 2008. Share options granted under this plan are exercisable immediately.

In 1993, we adopted the Incentive Share Option Plan that provided for the issuance of up to 3.9 million common shares of beneficial interest, either in the form of restricted share awards or share options. This plan expired in 2002, but some share options issued under the plan remain outstanding as of September 30, 2008. The share options granted to non-officers vest over a three-year period beginning after the grant date, and for officers vest over a seven-year period beginning two years after the grant date.

In 2001, we adopted the Long-term Incentive Plan for the issuance of share options and share awards. In 2006, the maximum number of common shares of beneficial interest issuable under this plan was increased to 4.8 million common shares of beneficial interest, of which 1.8 million is available for the future grant of share options or share awards at September 30, 2008. This plan expires in 2011. The share options granted to non-officers vest over a three-year period beginning after the grant date, and share options and restricted share awards for officers vest over a five-year period after the grant date. Restricted share awards granted to trust managers and share options or share awards granted to retirement eligible employees are expensed immediately.

The grant price for the Employee Share Option Plan is equal to the closing price of our common shares of beneficial interest on the date of grant. The grant price of the Long-term Incentive Plan is calculated as an average of the high and low of the quoted fair value of our common shares of beneficial interest on the date of grant. In both plans, these share options expire upon termination of employment or 10 years from the date of grant. In the Long-term Incentive Plan, restricted share awards for officers and trust managers are granted at no purchase price. Our policy is to recognize compensation expense for equity awards ratably over the vesting period, except for retirement eligible amounts. For the three months ended September 30, 2008 and 2007, compensation expense, net of forfeitures, associated with share options and restricted share awards totaled $1.1 million and $1.3 million, of which $.3 million was capitalized for both periods. For the nine months ended September 30, 2008 and 2007, compensation expense, net of forfeitures, associated with share options and restricted share awards totaled $3.8 million and $3.9 million, of which $1.0 million was capitalized for both periods.

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

	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Fair value per share	$ 3.07	$ 4.96
Dividend yield	5.1%	5.7%
Expected volatility	18.8%	18.2%
Expected life (in years)	6.2	5.9
Risk-free interest rate	2.8%	4.4%

Following is a summary of the share option activity for the nine months ended September 30, 2008:

	Shares Under Option	Weighted Average Exercise Price
Outstanding, January 1, 2008	2,840,290	$ 32.66
Granted	832,106	32.22
Forfeited or expired	(87,283)	35.69
Exercised	(180,365)	21.99
Outstanding, September 30, 2008	3,404,748	$ 33.04

The total intrinsic value of options exercised for the three months ended September 30, 2008 and 2007 was $.9 million and $.3 million, respectively. For the nine months ended September 30, 2008 and 2007, the total intrinsic value of options exercised was $2.2 million and $4.2 million, respectively. As of September 30, 2008 and December 31, 2007, there was approximately $3.8 million and $3.3 million, respectively, of total unrecognized compensation cost related to unvested share options, which is expected to be amortized over a weighted average of 1.9 years and 2.0 years, respectively.

The following table summarizes information about share options outstanding and exercisable at September 30, 2008:

	Outstanding				Exercisable			
Range of Exercise Prices	Number	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Aggregate Intrinsic Value (000's)	Number	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value (000's)
$17.94 - $26.91	890,439	3.3 years	$ 22.11		717,397	$ 21.72	3.1 years	
$26.92 - $40.38	2,010,697	7.5 years	$ 34.27		774,018	$ 34.99	6.0 years	
$40.39 - $49.62	503,612	8.2 years	$ 47.47		110,734	$ 47.47	8.2 years	
Total	3,404,748	6.5 years	$ 33.04	$ 8,954	1,602,149	$ 29.91	4.9 years	$ 9,228

A summary of the status of unvested restricted share awards for the nine months ended September 30, 2008 is as follows:

	Unvested Restricted Share Awards	Weighted Average Grant Date Fair Value
Outstanding, January 1, 2008	117,539	$ 41.45
Granted	125,480	32.69
Vested	(15,283)	35.57
Forfeited	(11,361)	36.77
Outstanding, September 30, 2008	216,375	$ 37.03

As of September 30, 2008 and December 31, 2007, there was approximately $5.3 million and $4.4 million, respectively, of total unrecognized compensation cost related to unvested restricted share awards, which is expected to be amortized over a weighted average of 2.6 years and 2.7 years, respectively.

Note 17. Employee Benefit Plans

We sponsor a noncontributory qualified retirement plan and a separate and independent nonqualified supplemental retirement plan for our officers. The components of net periodic benefit costs for both plans are as follows (in thousands):

	Three Months Ended September 30,	Nine Months Ended September 30,

	2008	2007	2008	2007
Service cost	$ 638	$ 1,004	$ 2,176	$ 2,844
Interest cost	730	666	2,425	1,860
Expected return on plan assets	(469)	(403)	(1,420)	(1,097)
Prior service cost	(30)	(32)	(91)	(86)
Recognized (gain) loss	(33)	73	(95)	195
Total	$ 836	$ 1,308	$ 2,995	$ 3,716

We contributed $2.0 million to the qualified retirement plan for both the nine months ended September 30, 2008 and 2007. For the supplemental retirement plan, $1.2 million and $2.8 million was contributed for the nine months ended September 30, 2008 and 2007, respectively. Currently, we do not anticipate making any additional contributions to either plan in 2008.

We have a Savings and Investment Plan pursuant to which eligible employees may elect to contribute from 1% of their salaries to the maximum amount established annually by the Internal Revenue Service. We match employee contributions at the rate of $.50 per $1.00 for the first 6% of the employee's salary. The employees vest in the employer contributions ratably over a six-year period. Compensation expense related to the plan was $.2 million for both the three months ended September 30, 2008 and 2007 and $.7 million for both the nine months ended September 30, 2008 and 2007.

We have an Employee Share Purchase Plan under which .6 million of our common shares of beneficial interest have been authorized. These shares, as well as common shares of beneficial interest purchased by us on the open market, are made available for sale to employees at a discount of 15% from the quoted market price on the purchase date. Shares purchased by the employee under the plan are restricted from being sold for two years from the date of purchase or until termination of employment. During the nine months ended September 30, 2008 and 2007, a total of 28,063 and 20,042 common shares of beneficial interest were purchased for the employees at a discounted average per share price of $29.15 and $37.00, respectively.

We also have a deferred compensation plan for eligible employees allowing them to defer portions of their current cash salary or share-based compensation. Deferred amounts are deposited in a grantor trust, which are included in other assets, and are reported as compensation expense in the year service is rendered. Cash deferrals are invested based on the employee’s investment selections from a mix of assets based on a “Broad Market Diversification” model. Deferred share-based compensation cannot be diversified, and distributions from this plan are made in the same form as the original deferral.

Note 18. Segment Information

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

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

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

	Shopping Center	Industrial	Other	Total
Three Months Ended September 30, 2008:				
Revenues	$ 141,620	$ 14,973	$ 2,154	$ 158,747
Net Operating Income	100,351	10,564	316	111,231
Equity in Earnings (Loss) of Real Estate Joint Ventures and Partnerships, net	4,981	265	(95)	5,151
Three Months Ended September 30, 2007:				
Revenues	$ 135,696	$ 14,000	$ 3,233	$ 152,929
Net Operating Income	94,799	9,498	1,576	105,873
Equity in Earnings of Real Estate Joint Ventures and Partnerships, net	4,572	262	59	4,893
Nine Months Ended September 30, 2008:				
Revenues	$ 416,251	$ 43,239	$ 6,502	$ 465,992
Net Operating Income	297,267	30,523	2,120	329,910
Equity in Earnings (Loss) of Real Estate Joint Ventures and Partnerships, net	14,670	971	(104)	15,537
Nine Months Ended September 30, 2007:				
Revenues	$ 388,562	$ 39,536	$ 7,354	$ 435,452
Net Operating Income	278,647	27,205	3,248	309,100
Equity in Earnings of Real Estate Joint Ventures and Partnerships, net	11,294	1,055	164	12,513
As of September 30, 2008:				
Investment in Real Estate Joint Ventures and Partnerships	$ 265,217	$ 39,189	$ 4,110	$ 308,516
Total Assets	3,933,451	352,166	835,040	5,120,657
As of December 31, 2007:				
Investment in Real Estate Joint Ventures and Partnerships	$ 261,293	$ 35,103	$ 4,360	$ 300,756
Total Assets	3,908,105	353,157	732,081	4,993,343

Net operating income reconciles to income from continuing operations as shown on the Condensed Statements of Consolidated Income and Comprehensive Income as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Total Segment Net Operating Income	$ 111,231	$ 105,873	$ 329,910	$ 309,100
Depreciation and amortization	(36,606)	(33,115)	(118,957)	(95,787)
General and administrative	(5,816)	(6,537)	(19,774)	(19,650)
Interest Expense	(38,884)	(38,470)	(112,838)	(110,183)
Interest and Other Income	1,172	2,082	3,920	6,838
Equity in Earnings of Real Estate JointVentures and Partnerships, net	5,151	4,893	15,537	12,513
Income Allocated to Minority Interests	(2,515)	(3,003)	(6,968)	(7,678)
Gain (Loss) on Sale of Properties	(43)	986	101	3,010
Gain on Land and Merchant Development Sales	1,418	4,199	8,240	8,150
Provision for Income Taxes	(701)	(930)	(2,991)	(1,933)
Income from Continuing Operations	$ 34,407	$ 35,978	$ 96,180	$ 104,380

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This quarterly report on Form 10-Q, 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," "estimat "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) general economic and local real estate conditions, (ii) the inability of major tenants to continue paying their rent obligations due to bankruptcy, insolvency or general downturn in their business, (iii) financing risks, such as the inability to obtain equity, debt, or other sources of financing on favorable terms, (iv) changes in governmental laws and regulations, (v) the level and volatility of interest rates, (vi) the availability of suitable acquisition opportunities, (vii) changes in expected development activity, (viii) increases in operating costs, (ix) tax matters, including failure to qualify as a real estate investment trust, could have adverse consequences, (x) investments through real estate joint ventures and partnerships involve risks not present in investments in which we are the sole investor and (xi) changes in merchant development activity. Accordingly, there is no assurance that our expectations will be realized.

The following discussion should be read in conjunction with the condensed 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 financial statements and related footnotes, are subject to management's evaluation and interpretation of business conditions, retailer performance, changing capital market conditions and other factors which could affect the ongoing viability of our tenants.

Executive Overview

Weingarten Realty Investors is a real estate investment trust ("REIT") organized under the Texas Real Estate Investment Trust Act. 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 real estate joint ventures in which we are partners or for other outside owners for which we charge fees.

We operate a portfolio of rental properties which includes neighborhood and community shopping centers and industrial properties of approximately 73.5 million square feet. We have a diversified tenant base with our largest tenant comprising only 2.8% of total rental revenues during 2008.

We focus on increasing funds from operations ("FFO") and growing dividend payments to our common shareholders. We do this through hands-on leasing, management and selected redevelopment of the existing portfolio of properties, through disciplined growth from selective acquisitions and new developments, through sale of properties in our merchant development program and through the disposition of assets that no longer meet our ownership criteria. We do this while remaining committed to maintaining a conservative balance sheet, a well-staggered debt maturity schedule and strong credit agency ratings.

We continue to maintain a strong, conservative capital structure, which provides ready access to a variety of attractive capital sources. We carefully balance obtaining low cost financing with minimizing exposure to interest rate movements and matching long-term liabilities with the long-term assets acquired or developed. The turmoil in the current capital markets has adversely affected both the pricing and the availability of most financial instruments. However, based on our business plan for the current year, we believe that asset dispositions, construction loans, joint venture relationships and existing capital resources such as our revolving credit facilities will provide adequate capital to execute our business plan.

At September 30, 2008, we owned or operated under long-term leases, either directly or through our interest in real estate joint ventures or partnerships, a total of 375 developed income-producing properties and 34 properties under various stages of construction and development. The total number of centers includes 329 neighborhood and community shopping centers located in 22 states spanning the country from coast to coast. We also owned 77 industrial projects located in California, Florida, Georgia, Tennessee, Texas and Virginia and three other operating properties located in Arizona and Texas.

We also owned interests in 20 parcels of unimproved land held for future development that totaled approximately 23.4 million square feet.

We had approximately 7,400 leases with 5,400 different tenants at September 30, 2008.

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 ad valorem taxes, and additional rent payments based on a percentage of the tenants' sales. The majority of our anchor tenants are supermarkets, value-oriented apparel/discount stores and other retailers or service providers who generally sell basic necessity-type goods and services. Through this challenging economic environment, we believe the stability of our anchor tenants, combined with convenient locations, attractive and well-maintained properties, high quality retailers and a strong tenant mix, should ensure the long-term success of our merchants and the viability of our portfolio.

In assessing the performance of our properties, management carefully tracks the occupancy of the portfolio. The weakened economy contributed to a drop in our occupancy from 95.1% at September 30, 2007 to 93.7% at September 30, 2008. While we will continue to monitor the economy and the effects on our retailers, we believe the significant diversification of our portfolio both geographically and by tenant base will allow us to maintain similar occupancy levels as we move through the year. Another important indicator of performance is the spread in rental rates on a same-space basis as we complete new leases and renew existing leases. We completed 913 new leases or renewals during the first nine months of 2008 totaling 4.8 million square feet, increasing rental rates an average of 11.6% on a cash basis.

New Development

At September 30, 2008, we had 30 properties in various stages of development including those in our merchant development program. We have invested $390 million to date on these projects and, at completion, we estimate our total investment to be $542 million. These properties are slated to open over the next one to three years with a projected return on investment of approximately 8.6% when completed. Also, four additional properties have been stabilized during the first nine months of 2008 with an estimated total investment of $70.8 million and a project return on investment of approximately 9.0%.

As of September 30, 2008, we have seven properties that are held for future development pending improvement in economic conditions. In addition to these projects, we have a development pipeline with three development sites under contract, which will represent a projected investment of approximately $21.2 million. Due to current economic factors, obtaining new projects this year has proven challenging as potential retail anchors are delaying or halting their expansion plans due to the deterioration of the economy. We continue to seek opportunities and monitor this market closely.

Merchant development is a program where we acquire or develop a project with the objective of selling all or part of it, instead of retaining it in our portfolio on a long-term basis. Also, disposition of land parcels are included in this program. We generated gains of approximately $8.2 million from this program during the first nine months of 2008. Although this market has been slowing due to the credit crisis, we expect to generate additional gains through the remainder of the year.

Acquisitions and Joint Ventures

Acquisitions are a key component of our strategy. However, the turmoil in the credit markets has significantly reduced transactions in the marketplace and, therefore, created uncertainty with respect to pricing. 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. We benefit from access to lower-cost capital, as well as leveraging our expertise to provide fee-based services, such as asset management and the acquisition, leasing and management of properties, to the joint ventures.

During the first nine months of 2008, we have acquired one shopping center and invested in a 25%-owned unconsolidated joint venture to acquire a 4,000 square foot pad building located in Florida for a purchase price of approximately $2.7 million.

In March 2008, we contributed 18 neighborhood/community shopping centers located in Texas with an aggregate value of approximately $227.5 million, and aggregating more than 2.1 million square feet, to a joint venture. We sold an 85% interest in this joint venture to AEW Capital Management on behalf of one of its institutional clients. Financing totaling $154.3 million was placed on the properties and guaranteed by us.

In August 2008, we executed a real estate limited partnership with a foreign institutional investor to purchase up to $250 million of retail properties in various states, of which our capital commitment is $17.6 million that will be funded as properties are acquired, but no later than June 30, 2011. Our ownership in this unconsolidated real estate limited partnership is 20.1%. As of September 30, 2008, no properties have been purchased.

On October 1, 2008, we signed a letter of intent with an institutional investor pursuant to which we intend to contribute 12 of our supermarket-anchored shopping centers, with an agreed upon value of approximately $271.4 million, to a joint venture in which such institutional investor will purchase a 70% interest, and we will hold 30% interest. Consummation of the transaction contemplated by the letter of intent is subject to negotiation of definitive documentation, customary closing conditions, and no assurance can be given that the transaction will, in fact, be consummated.

Joint venture fee income for the first nine months of 2008 was approximately $5.2 million or a decrease of $.5 million over the prior year. This decrease is a result of reduced transactions in the marketplace due to the turmoil in the credit markets.

Dispositions

During the first nine months of 2008, we sold eight shopping centers and one industrial center for $113.8 million. Although lenders for prospective acquirers have tightened their underwriting criteria, we expect to continue to dispose of certain properties during the year as opportunities present themselves. Dispositions are part of an ongoing portfolio management process where we prune our portfolio of properties that do not meet our geographic or growth targets and provide capital to recycle into properties that have barrier-to-entry locations within high growth metropolitan markets. Over time, we expect this to produce a stronger portfolio with higher occupancy rates and internal revenue growth.

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Summary of Critical Accounting Policies

Our discussion and analysis of financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and contingencies as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We evaluate our assumptions and estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

A disclosure of our critical accounting policies is included in our Annual Report on Form 10-K for the year ended December 31, 2007 in Management's Discussion and Analysis of Financial Condition. There have been no significant changes to our policies during 2008.

Results of Operations
Comparison of the Three Months Ended September 30, 2008 to the Three Months Ended September 30, 2007

Revenues
Total revenues were $158.7 million in the third quarter of 2008 versus $152.9 million in the third quarter of 2007, an increase of $5.8 million or 3.8%. This increase resulted from an increase in rental revenues of $6.0 million and a decrease of other income of $.2 million.

Property acquisitions and new development activity contributed $5.4 million of the rental income increase with $.6 million resulting from 306 renewals and new leases, comprising 1.5 million square feet at an average rental rate increase of 9.9%.

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

	September 30,	
	2008	2007
Shopping Centers	94.5%	95.2%
Industrial	91.4%	94.5%
Total Portfolio	93.7%	95.1%

Expenses
Total expenses for the third quarter of 2008 were $89.9 million versus $86.7 million in the third quarter of 2007, an increase of $3.2 million or 3.7%. This increase resulted primarily from increases in depreciation and amortization expense and insurance expense of $3.5 million and $1.0 million, respectively. The increase in depreciation and amortization expense is a result of our acquisition and new development activities while the increase in insurance expenses is associated with Hurricane Ike. Offsetting this $4.5 million increase is a reduction in general and administrative and operating expenses associated with a reduction in headcount. Overall, direct operating costs and expenses (operating and ad valorem taxes) of operating our properties as a percentage of rental revenues were 30.8% and 31.7% in 2008 and 2007, respectively.

Interest Expense
Interest expense totaled $38.9 million for the third quarter of 2008, up $.4 million or 1.1% from the third quarter of 2007. The components of interest expense were as follows (in thousands):

	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007
Gross interest expense	$ 45,385	$ 46,688
Over-market mortgage adjustment of acquired properties	(1,265)	(1,553)
Capitalized interest	(5,236)	(6,665)
Total	$ 38,884	$ 38,470

Gross interest expense totaled $45.4 million in the third quarter of 2008, down $1.3 million or 2.8% from the third quarter of 2007. The decrease in gross interest expense was due primarily to a decrease in the weighted average rates for the respective periods. For the third quarter of 2008, the weighted average debt outstanding was $3.2 billion at weighted average interest rate of 5.4% in 2008 as compared to $3.1 billion outstanding at a weighted average rate of 5.8% in 2007. Capitalized interest decreased $1.4 million due to a decrease in the annualized average interest capitalization rate of 5.8% in 2008 compared to 9.3% in 2007.

Interest and Other Income
Interest and other income for the third quarter of 2008 was $1.2 million versus $2.1 million in the third quarter of 2007, a decrease of $.9 million or 42.9%. This decrease resulted from the fair value decline in the assets held in a grantor trust related to our deferred compensation plan. Offsetting this $1.6 million decrease is the interest earned on notes receivable from real estate joint ventures and partnerships for new development activities and other receivables..

Gain on Land and Merchant Development Sales
Gain on land and merchant development sales of $1.4 million in the third quarter of 2008 resulted primarily from the sale of six land parcels. The gain in the third quarter of 2007 resulted primarily from the sale of four land parcels and a shopping center in Arizona.

Income from Discontinued Operations
Income from discontinued operations was $4.6 million in the third quarter of 2008 versus $8.3 million in the third quarter of 2007, a decrease of $3.7 million or 44.6%. This decrease was due primarily to the gain on sale of two properties in 2008 as compared to the gain on sale for four properties during the same period of 2007. Also, the decrease in operating income from discontinued operations results primarily from the disposition of an additional six properties in 2007.

Results of Operations
Comparison of the Nine Months Ended September 30, 2008 to the Nine Months Ended September 30, 2007

Revenues
Total revenues were $466.0 million in the first nine months of 2008 versus $435.5 million in the first nine months of 2007, an increase of $30.5 million or 7.0%. This increase resulted from an increase in rental revenues of $29.8 million and other income of $.7 million.

Property acquisitions and new development activity contributed $25.4 million of the rental income increase with $4.4 million resulting from 913 renewals and new leases, comprising 4.8 million square feet at an average rental rate increase of 11.6%.

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

	September 30, 2008	September 30, 2007
Shopping Centers	94.5%	95.2%
Industrial	91.4%	94.5%
Total	93.7%	95.1%

Expenses

Total expenses for the first nine months of 2008 were $274.8 million versus $241.8 million in the first nine months of 2007, an increase of $33.0 million or 13.6%.

The increases in 2008 for depreciation and amortization expense ($23.2 million), operating expenses ($5.4 million), ad valorem taxes ($4.3 million) and general and administrative expenses ($.1 million) were primarily a result of the properties acquired and developed during the year. In addition, insurance expenses increased as a result of the Hurricane Ike in 2008 and depreciation expense increased as a result of redevelopment activities. Overall, direct operating costs and expenses (operating and ad valorem tax expense) of operating our properties as a percentage of rental revenues were 29.9% and 29.7% in 2008 and 2007, respectively.

Interest Expense

Interest expense totaled $112.8 million for the first nine months of 2008, up $2.7 million or 2.4% from the first nine months of 2007. The components of interest expense were as follows (in thousands):

	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Gross interest expense	$ 132,755	$ 134,496
Over-market mortgage adjustment of acquired properties	(4,541)	(5,157)
Capitalized interest	(15,376)	(19,156)
Total	$ 112,838	$ 110,183

Gross interest expense totaled $132.8 million in the first nine months of 2008, down $1.7 million from the first nine months of 2007. The decrease in gross interest expense results primarily from a net gain from a rate swap termination in March 2008. The decrease in capitalized interest of $3.8 million results from the decrease in the annualized average interest capitalization rate of 5.8% in 2008 compared to 8.5% in 2007.

Interest and Other Income

Interest and other income was $3.9 million in the first nine months of 2008 versus $6.8 million in the first nine months of 2007, a decrease of $2.9 million or 42.6%. This decrease resulted from the fair value decline in the assets held in a grantor trust related to our deferred compensation plan and a reduction in interest earned from a qualified escrow account. Offsetting this $5.2 million decrease is the interest earned on notes receivable from real estate joint ventures and partnerships for new development activities and other receivables.

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

Our equity in earnings of joint ventures was $15.5 million in the first nine months of 2008 versus $12.5 million in the first nine months of 2007, an increase of $3.0 million or 24.0%. The increase was attributable primarily to our incremental income from our investments in newly formed joint ventures for the acquisition and development of retail and industrial properties.

Gain on Sale of Properties

Gain on sale of properties was $.1 million in the first nine months of 2008 versus $3.0 million in the first nine months of 2007, a decrease of $2.9 million or 96.7%. The gain in 2007 resulted primarily from gain deferrals and adjustments in 2007 that did not recur in 2008.

Income from Discontinued Operations

Income from discontinued operations was $56.3 million in the first nine months of 2008 versus $67.0 million in the first nine months of 2007, a decrease of $10.7 million or 16.0%. This decrease was due primarily to the gain on sale of nine properties in 2008 as compared to the gain on sale for 12 properties during the same period of 2007. Also, the decrease in operating income from discontinued operations results primarily from the disposition of an additional six properties in 2007.

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 ad valorem taxes. As a result of these lease provisions, increases due to inflation, as well as ad valorem tax rate increases, generally do not have a significant adverse effect upon our operating results because they are absorbed by our tenants.

Capital Resources and Liquidity

Our primary liquidity needs are payment of our common and preferred dividends, maintaining and operating our existing properties, payment of our debt service costs and funding planned growth. We anticipate that cash flows from operating activities will continue to provide adequate capital for all common and preferred dividend payments and debt service costs, as well as the capital necessary to maintain and operate our existing properties. The current credit market turmoil has significantly affected our current ability to obtain additional capital; however, we have been able to complete some transactions and do not believe this will severely impact the execution of our business plan. We currently anticipate that our available cash resources and credit will be sufficient to meet our anticipated working capital and new development program expenditure requirements for at least the next 12 months. If market conditions continue to deteriorate, we have the ability to delay the funding of certain new development outlays. Also, we may need to raise additional funds in order to support more rapid expansion, develop or acquire new properties, respond to competitive pressures, or take advantage of unanticipated opportunities. Our most restrictive debt covenants limit the amount of additional leverage we can add; however, we believe the sources of capital described above are adequate to execute our current business plan and remain in compliance with our debt covenants.

Primary sources of capital for funding our acquisitions and new development programs are our revolving credit facilities, cash generated from sale of properties and notes receivable from real estate joint ventures and partnerships for new development activities, transactions with venture partners, cash flow generated by our operating properties and proceeds from capital issuances as needed. Amounts outstanding under the revolving credit agreement are retired as needed with proceeds from the issuance of long-term debt, common and preferred equity, cash generated from disposition of properties and cash flow generated by our operating properties. As of September 30, 2008, the balance outstanding under our $575 million revolving credit facility was $483.0 million, and no amount was outstanding under our $30 million credit facility, which we use for cash management purposes. In October 2008, we issued 3.0 million common shares of beneficial interest at $34.20 per share. Net proceeds from this offering were $98.2 million and were used to repay indebtedness outstanding under our revolving credit facilities.

Our capital structure also includes non-recourse secured debt that we assume in conjunction with our acquisitions program. We also have non-recourse debt secured by acquired or developed properties held in several of our real estate joint ventures and partnerships. 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 swaps with major financial institutions. We generally have the right to sell or otherwise dispose of our assets except in certain cases where we are required to obtain our joint venture partners' consent or a third party consent for assets held in special purpose entities, which are 100% owned by us.

Investing Activities:

Acquisitions and Joint Ventures
Retail Properties.
In January 2008, we acquired a 4,000 square foot pad building located in Florida through a 25%-owned unconsolidated joint venture.

In March 2008, we contributed 18 neighborhood/community shopping centers located in Texas with an aggregate value of approximately $227.5 million, and aggregating more than 2.1 million square feet, to a joint venture. We sold an 85% interest in this joint venture to AEW Capital Management on behalf of one of its institutional clients and received proceeds approximating $216.1 million. We maintain a 15% ownership interest in this venture, which is consolidated in our financial statements.

In May 2008, we acquired Kirby Strip Center, a 10,000 square foot building located in Texas.

In August 2008, we executed a real estate limited partnership with a foreign institutional investor to purchase up to $250 million of retail properties in various states, of which our capital commitment is $17.6 million that will be funded as properties are acquired, but no later than June 30, 2011. Our ownership in this unconsolidated real estate limited partnership is 20.1%. As of September 30, 2008, no properties have been purchased.

On October 1, 2008, we signed a letter of intent with an institutional investor pursuant to which we intend to contribute 12 of our supermarket-anchored shopping centers, with an agreed upon value of approximately $271.4 million, to a joint venture in which such institutional investor will purchase a 70% interest, and we will hold 30% interest. Consummation of the transaction contemplated by the letter of intent is subject to negotiation of definitive documentation, customary closing conditions, and no assurance can be given that the transaction will, in fact, be consummated.

Industrial Properties.
There were no acquisitions of industrial properties during the first nine months of 2008.

Dispositions
Retail Properties.
During 2008, we sold eight shopping centers, of which five each are located in Texas, one in California and two in Louisiana. Sales proceeds from these dispositions totaled $108.2 million and generated gains of $51.6 million.

Industrial Properties.
During 2008, we sold one industrial center located in Texas. Sales proceed from this disposition totaling $5.6 million and generated a gain of $2.4 million.

New Development and Capital Expenditures

At September 30, 2008, we had 30 projects under construction or in preconstruction stages with a total square footage of approximately 7.8 million. These properties are slated to be completed over the next one to three years.

Merchant Development Properties.
During the first nine months of 2008, we sold 21 parcels of land located in Arizona, Colorado, Florida, Nevada, North Carolina and Texas, which generated gains of $8.2 million. In an unconsolidated real estate joint venture and partnership, two land parcels were sold in Colorado and Washington. Our share of the sales proceeds and the gain generated totaled $.7 million and $.4 million, respectively.

Our new development projects are financed initially under our revolving credit facilities, using available cash generated from dispositions of properties, cash flow generated by our operating properties or proceeds from notes receivable from real estate joint venture and partnerships for new development activities.

Capital expenditures for additions to the existing portfolio, acquisitions, new development and our share of investments in unconsolidated real estate joint ventures totaled $331.5 million and $863.2 million for the nine months of 2008 and 2007, respectively. We expect to invest $152.5 million, of which $76.8 million is contractually committed, to complete construction of properties under various stages of development over the next one to three years. We also expect to invest $4.5 million to acquire projects in the remainder of 2008 and $17.6 million by 2011.

Financing Activities:

Debt
Total debt outstanding increased from $3.2 billion at December 31, 2007 to $3.3 billion at September 30, 2008. Total debt at September 30, 2008 included $2.8 billion of which interest rates are fixed and $549.4 million that bears interest at variable rates, after adjusting for the net effect of $50 million of interest rate swaps. Additionally, debt totaling $1.0 billion was secured by operating properties while the remaining $2.3 billion was unsecured.

We have a $575 million unsecured revolving credit facility held by a syndicate of banks. This unsecured revolving facility expires in February 2010 and provides a one year extension option available at our request. Borrowing rates under this facility float at a margin over LIBOR, plus a facility fee. The borrowing margin and facility fee, which are currently 42.5 and 15.0 basis points, respectively, are priced off a grid that is tied to our senior unsecured credit rating. This facility includes a competitive bid feature where we are allowed to request bids for borrowings up to $287.5 million from the syndicate banks. As of October 31, 2008, there was $410.0 million outstanding under this facility. We also maintain a $30 million unsecured and uncommitted overnight facility that is used for cash management purposes, and as of October 31, 2008, there was no outstanding balance under this facility. The available balance under our revolving credit agreement was $154.8 million at October 31, 2008, which is reduced by amounts outstanding for letters of credit and our overnight facility. We believe we were in full compliance with the covenants of our unsecured revolving credit facilities as of September 30, 2008.

On March 20, 2008, we contributed assets to a joint venture with an institutional investor. In conjunction with this transaction, the joint venture issued $154.3 million of fixed-rate long-term debt with an average life of 7.3 years at an average rate of 5.4% that we guaranteed. We received all of the proceeds from the issuance of this debt and such proceeds were used to reduce amounts outstanding under our $575 million revolving credit facility.

In January 2008, we elected to repay at par a fixed-rate 8.33% mortgage totaling $121.8 million that was secured by 19 supermarket-anchored shopping centers in California originally acquired in April 2001.

As of December 31, 2007, the balance of secured debt that was assumed in conjunction with 2007 acquisitions was $99.4 million. A capital lease obligation totaling $12.9 million was assumed and subsequently settled in 2007.

At September 30, 2008, we had two interest rate swap contracts designated as fair value hedges with an aggregate notional amount of $50.0 million that convert fixed interest payments at rates of 4.2% to variable interest payments. We could be exposed to losses in the event of nonperformance by the counter-parties; however, management believes the likelihood of such nonperformance is unlikely.

At December 31, 2007, we had two forward-starting interest rate swap contracts with an aggregate notional amount of $118.6 million to mitigate the risk of future fluctuations in interest rates on forecasted issuances of long-term debt. These contracts were settled approximately one week after we contributed assets to a joint venture with an institutional investor and concurrently issued $154.3 million of fixed-rate long-term debt that we guaranteed.

Equity

Common and preferred dividends increased to $160.0 million in the first nine months of 2008, compared to $144.2 million for the first nine months of 2007. The quarterly dividend rate for our common shares of beneficial interest increased to $.525 in 2008 compared to $.495 for the same period of 2007. Our dividend payout ratio on common equity for the nine months ended September 30, 2008 and 2007 approximated 68.0% and 63.7%, respectively, based on basic funds from operations for the respective periods.

In June and July of 2008, we redeemed $120 million and $80 million of depositary shares, respectively, retiring all of the Series G Cumulative Redeemable Preferred Shares. Each depositary share represented one-hundredth of a Series G Cumulative Redeemable Preferred Share. These depositary shares were redeemed, at our option, at a redemption price of $25 multiplied by a graded rate per depositary share based on the date of redemption plus any accrued and unpaid dividends thereon. Upon the redemption of these shares, the related original issuance costs of $1.9 million were reported as a deduction in arriving at net income available to common shareholders. In September 2007, these depositary shares were issued through a private placement, and net proceeds of $193.6 million were used to repay amounts outstanding under our credit facilities. The Series G Preferred Shares paid a variable-rate quarterly dividend through July 2008 and had a liquidation preference of $2,500 per share. The variable-rate dividend was calculated on the period's three-month LIBOR rate plus a percentage determined by the number of days outstanding.

We issued $150 million and $200 million of depositary shares on June 6, 2008 and January 30, 2007, respectively. Each depositary share represents one-hundredth of a Series F Cumulative Redeemable Preferred Share. The depositary shares are redeemable, in whole or in part, on or after January 30, 2012 at our option, at a redemption price of $25 per depositary share, plus any accrued and unpaid dividends thereon. The depositary shares are not convertible or exchangeable for any of our other property or securities. The Series F Preferred Shares pay a 6.5% annual dividend and have a liquidation value of $2,500 per share. Series F Preferred Shares issued in June 2008 were issued at a discount, resulting in an effective rate of 8.25%. Net proceeds of $118.1 million and $194.0 million in June 2008 and January 2007, respectively, were used to repay amounts outstanding under our revolving credit facilities and for general business purposes. Subsequent to the 2008 issuance, our revolving credit facilities were used to finance the partial redemption of the Series G Cumulative Redeemable Preferred Shares as described above.

In July 2007, our Board of Trust Managers authorized a common share repurchase program as part of our ongoing investment strategy. Under the terms of the program, we may purchase up to a maximum value of $300 million of our common shares of beneficial interest during the next two years. Share repurchases may be made in the open market or in privately negotiated transactions at the discretion of management and as market conditions warrant. We anticipate funding the repurchase of shares primarily through the proceeds received from our property disposition program, as well as from general corporate funds.

During 2007, we repurchased 2.8 million common shares of beneficial interest at an average share price of $37.12 and cancelled 1.4 million common shares of beneficial interest in both 2008 and 2007. As of September 30, 2008, the remaining value of common shares of beneficial interest available to be repurchased is $196.7 million.

In October 2008, we issued 3.0 million common shares of beneficial interest at $34.20 per share. Net proceeds from this offering were $98.2 million and were used to repay indebtedness outstanding under our revolving credit facilities and for other general corporate purposes.

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In September 2004, the SEC declared effective two additional shelf registration statements totaling $1.55 billion, of which $1.1 billion was available as of October 31, 2008. In addition, we have $85.4 million available as of October 31, 2008 under our $1 billion shelf registration statement, which became effective in April 2003. These shelf registrations will expire at December 31, 2008. We will continue to closely monitor both the debt and equity markets and carefully consider our available financing alternatives, including both public and private placements.

Contractual Obligations

We have debt obligations related to our mortgage loans and unsecured debt, including our credit facilities. We have shopping centers that are subject to non-cancelable long-term ground leases where a third party owns and has leased the underlying land to us to construct and/or operate a shopping center. In addition, we have non-cancelable operating leases pertaining to office space from which we conduct our business. The table below excludes obligations related to our new development projects. We have entered into commitments aggregating $76.8 million comprised principally of construction contracts which are generally due in 12 to 36 months. The following table summarizes our primary contractual obligations as of September 30, 2008 (in thousands):

	2008	2009	2010	2011	2012	Thereafter	Total
Mortgages and Notes Payable: (1)							
Unsecured Debt (2)	$ 35,440	$ 124,469	$ 633,212	$ 295,349	$ 265,216	$ 1,683,980	$ 3,037,666
Secured Debt	43,944	123,162	124,252	150,936	177,272	717,278	1,336,844
Ground Lease Payments	777	3,114	3,073	3,000	2,858	114,489	127,311
Obligations to Acquire Projects	4,500			17,588			22,088
Total Contractual Obligations	$ 84,661	$ 250,745	$ 760,537	$ 466,873	$ 445,346	$ 2,515,747	$ 4,523,909

(1) Includes principal and interest with interest on variable-rate debt calculated using rates at September 30, 2008 excluding the effect of interest rate swaps.
(2) Unsecured debt in 2010 includes the maturity of our revolving credit facility of $483.0 million, of which we have the option to extend the facility for a one-year period.

Off Balance Sheet Arrangements

As of September 30, 2008 and December 31, 2007, none of our off-balance sheet arrangements had a material effect on our liquidity or availability of, or requirement for, our capital resources. Letters of credit totaling $10.2 million and $9.2 million were outstanding under the revolving credit facility at September 30, 2008 and December 31, 2007, respectively.

Related to our investment in a redevelopment project in Sheridan, Colorado that is held in an unconsolidated real estate joint venture, we, our joint venture partner and the joint venture have each provided a guarantee for the payment of any annual sinking fund requirement shortfalls on bonds issued in connection with the project. The Sheridan Redevelopment Agency issued $97 million of Series A bonds used for an urban renewal project. The bonds are to be repaid with incremental sales and property taxes and a public improvement fee ("PIF") to be assessed on future retail sales. The incremental taxes and PIF are to remain intact until the bond liability has been paid in full, including any amounts we may have to provide. We have evaluated and determined that the fair value of the guarantee is nominal. However, due to the guarantee, a liability has been recorded by the joint venture equal to amounts funded under the bonds.

In July 2008, a 47.75%-owned unconsolidated real estate joint venture ("WMB") acquired an 83.34% interest ("WMMDHB") in a 919,000 square foot new development to be constructed in Aurora, Colorado. WMB provided a guarantee on debt obtained by WMMDHB. WMB's maximum exposure to loss is limited to the guarantee of the debt, which was approximately $15.6 million at September 30, 2008. We have evaluated and determined that the fair value of the guarantee is nominal.

In August 2008, we executed a real estate limited partnership with a foreign institutional investor to purchase up to $250 million of retail properties in various states, of which our capital commitment is $17.6 million that will be funded as properties are acquired, but no later than June 30, 2011. Our ownership in this unconsolidated real estate limited partnership is 20.1%. As of September 30, 2008, no properties have been purchased.

Funds from Operations

The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as net income (loss) available 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, including our share of unconsolidated real estate joint ventures and partnerships. We calculate FFO in a manner consistent with the NAREIT definition.

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

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

Funds from operations is calculated as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Net income available to common shareholders	$ 29,053	$ 38,281	$ 124,828	$ 154,940
Depreciation and amortization	34,282	33,142	114,535	97,023
Depreciation and amortization of unconsolidated real estate joint ventures and partnerships	3,137	2,846	8,698	7,439
Gain on sale of properties	(4,470)	(5,644)	(53,437)	(58,842)
(Gain) loss on sale of properties of unconsolidated real estate joint ventures and partnerships	2	2	(12)	2
Funds from operations	62,004	68,627	194,612	200,562
Funds from operations attributable to operating partnership units				3,311
Funds from operations assuming conversion of OP units	$ 62,004	$ 68,627	$ 194,612	$ 203,873
Weighted average shares outstanding - basic	83,795	85,470	83,739	85,914
Effect of dilutive securities:				
Share options and awards	521	994	549	1,193
Operating partnership units				2,303

Weighted average shares outstanding - diluted	84,316	86,464	84,288	89,410

Newly Issued Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157 ("SFAS 157"), "Fair Value Measurements." This statement defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. The key changes to current practice are (1) the definition of fair value, which focuses on an exit price rather than an entry price; (2) the methods used to measure fair value, such as emphasis that fair value is a market-based measurement, not an entity-specific measurement, as well as the inclusion of an adjustment for risk, restrictions and credit standing and (3) the expanded disclosures about fair value measurements. This statement does not require any new fair value measurements.

We adopted SFAS 157 in the first quarter of 2008 regarding our financial assets and liabilities currently recorded or disclosed at fair value. The FASB has issued FASB Staff Position No. FAS 157-2, "Effective Date of FASB Statement No. 157" which defers the provisions of SFAS 157 relating to nonfinancial assets and liabilities, and delays implementation by us until January 1, 2009. SFAS 157 has not and is not expected to materially affect how we determine fair value, but it has resulted in certain additional disclosures (see Note 15).

In October 2008, the FASB issued FASB Staff Position No. FAS 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active," to clarify the provisions of SFAS 157 relating to valuing a financial asset when the market for that asset is not active. This FSP was effective upon issuance and has not had a material effect on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 158 ("SFAS 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – An Amendment of FASB Statements No. 87, 88, 106, and 132R." This new standard requires an employer to: (a) recognize in its statement of financial position an asset for a plan's overfunded status or a liability for a plan's underfunded status; (b) measure a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year (with limited exceptions); and (c) recognize changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur. These changes will be reported in comprehensive income. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position (the "Measurement Provision") is effective for us on December 31, 2008. We have assessed the potential impact of the Measurement Provision of SFAS 158 and concluded that its adoption will not have a material effect on our consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159 ("SFAS 159"), "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS 159 expands opportunities to use fair value measurement in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value. This statement was effective for us on January 1, 2008, and we have elected not to measure any of our current eligible financial assets or liabilities at fair value upon adoption; however, we do have the option to elect to measure eligible financial assets or liabilities acquired in the future at fair value.

In December 2007, the FASB issued SFAS No. 141 (revised 2007) ("SFAS 141R"), "Business Combinations." SFAS 141R expands the original guidance's definition of a business. It broadens the fair value measurement and recognition to all assets acquired, liabilities assumed and interests transferred as a result of business combinations. SFAS 141R requires expanded disclosures to improve the ability to evaluate the nature and financial effects of business combinations. SFAS 141R is effective for us for business combinations made on or after January 1, 2009. While we have not formally quantified the effect, we expect the adoption of SFAS 141R to have a material effect on our accounting for future acquisition of properties.

In December 2007, the FASB issued SFAS No. 160 ("SFAS 160"), "Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51." SFAS 160 requires that a noncontrolling interest in an unconsolidated entity be reported as equity and any losses in excess of an unconsolidated entity's equity interest be recorded to the noncontrolling interest. The statement requires fair value measurement of any noncontrolling equity investment retained in a deconsolidation. SFAS 160 is effective for us on January 1, 2009 and many provisions will be applied retrospectively. We are currently evaluating the impact SFAS 160 will have on our consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161 ("SFAS 161"), "Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133." SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities. SFAS 161 is effective for us as amended by FASB Staff Position No. FAS 133-1 and FIN 45-4 (see below) on December 31, 2008. We are currently evaluating the impact SFAS 161 will have to the disclosures included in our consolidated financial statements.

In April 2008, the FASB issued FASB Staff Position No. FAS 142-3 ("FSP FAS 142-3"), "Determination of the Useful Life of Intangible Assets." FSP FAS 142-3 amends the factors that should be considered in developing renewal and extension assumptions used to determine the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of assets considered in a business combination. FSP FAS 142-3 is effective for us on January 1, 2009. We are currently evaluating the impact FSP FAS 142-3 will have on our consolidated financial statements.

In May 2008, the FASB issued FASB Staff Position No. APB 14-1 ("FSP APB 14-1"), "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)." FSP APB 14-1 will require that the initial debt proceeds from the sale of our convertible and exchangeable senior debentures be allocated between a liability component and an equity component in a manner that will reflect our effective nonconvertible borrowing rate. The resulting debt discount would be amortized using the effective interest method over the period the debt is expected to be outstanding as additional interest expense. FSP APB 14-1 is effective for us on January 1, 2009 and requires retroactive application. Upon the adoption of FSP APB 14-1, we estimate the unamortized debt discount (as of September 30, 2008) to be approximately $25.2 million to be included as a reduction of debt and approximately $43.5 million as accumulated additional paid-in capital on our consolidated balance sheet. We estimate incremental interest expense to be approximately $7.7 million for the first nine months of 2008 and $7.9 million and $3.2 million for the years ended December 31, 2007 and 2006, respectively.

In May 2008, the FASB issued SFAS No. 162 ("SFAS 162"), "The Hierarchy of Generally Accepted Accounting Principles." SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in presenting financial statements in conformity with generally accepted accounting principles in the United States. SFAS 162 is effective for us on November 15, 2008. We believe that the adoption of this standard on its effective date will not have a material effect on our consolidated financial statements.

In June 2008, the FASB issued FASB Staff Position No. EITF 03-6-1("FSP EITF 03-6-1"), "Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities." FSP EITF 03-6-1 considers unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) as participating securities. These participating securities shall be included in the computation of earnings per share pursuant to the two-class method under FASB Statement No. 128. FSP EITF 03-6-1 is effective for us on January 1, 2009. All prior-period earnings per share data presented shall be adjusted retrospectively. We are currently evaluating the impact FSP EITF 03-6-1 will have on our consolidated financial statements.

In September 2008, the FASB issued FASB Staff Position No. FAS 133-1 and FIN 45-4 ("FSP FAS 133-1"), "Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB

Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161." FSP FAS 133-1 requires disclosures by sellers of credit derivatives; additional disclosures on current status of payment/performance risk of guarantees and clarified the effective date of SFAS 161. FSP FAS 133-1 is effective for us on December 31, 2008. We are currently evaluating the impact FSP FAS 133-1 will have on our consolidated financial statements.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

We use fixed and floating-rate debt to finance our capital requirements. These transactions expose us to market risk related to changes in interest rates. Derivative financial instruments are used to manage a portion of this risk, primarily interest rate swap agreements with major financial institutions. These swap agreements expose us to credit risk in the event of nonperformance by the counter-parties to the swaps. We do not engage in the trading of derivative financial instruments in the normal course of business. At September 30, 2008, we had fixed-rate debt of $2.8 billion and variable-rate debt of $549.4 million, after adjusting for the net effect of $50 million notional amount of interest rate swaps. At December 31, 2007, we had fixed-rate debt of $2.8 billion and variable-rate debt of $321.7 million, after adjusting for the net effect of $50 million notional amount of interest rate swaps.

ITEM 4. Controls and Procedures

Under the supervision and with the participation of our principal executive officer and principal financial officer, management has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) as of September 30, 2008. Based on that evaluation, our principal executive officer and our principal financial officer have concluded that our disclosure controls and procedures were effective as of September 30, 2008.

There has been no change to our internal control over financial reporting during the quarter ended September 30, 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II-OTHER INFORMATION

ITEM 1. 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 counsel believe that when such litigation is resolved, our resulting liability, if any, will not have a material adverse effect on our condensed consolidated financial statements.

ITEM 1A. Risk Factors

Our merchant development program could affect our operating results.

Through our merchant development program, we develop primarily neighborhood and community shopping centers, with the objective of selling the properties (or interests therein) to third parties, as opposed to retaining the properties in our portfolio on a long-term basis. Due to the inherent uncertainty associated with our merchant development program, our operating results and financial indicators, such as funds from operations (“FFO”), will fluctuate from time to time. Accordingly, fluctuations in the results of our merchant development program could cause us to be unable to meet, or to exceed, our publicly disclosed financial performance outlook, as well as FFO per share estimates of security analysts for any given period. Our expectations with respect to sales in our merchant development program are based on currently available information, and no assurance can be given regarding the timing, terms or consummation of any sale. Failure to meet our publicly disclosed financial performance outlook or security analyst estimates could have a material adverse effect on the trading price of our common shares of beneficial interest.

We have no other material changes to the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2007.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Submission of Matters to a Vote of Shareholders

None.

ITEM 5. Other Information

Not applicable.

ITEM 6. Exhibits

The exhibits required by this item are set forth on the Exhibit Index attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WEINGARTEN REALTY INVESTORS
(Registrant)

By:	/s/ Andrew M. Alexander Andrew M. Alexander Chief Executive Officer
By:	/s/ Joe D. Shafer Joe D. Shafer Vice President/Chief Accounting Officer (Principal Accounting Officer)

DATE: November 7, 2008

EXHIBIT INDEX

(a)	Exhibits:
3.1	—Restated Declaration of Trust (filed as Exhibit 3.1 to WRI's Registration Statement on Form 8-A dated January 19, 1999 and incorporated herein by reference).
3.2	—Amendment of the Restated Declaration of Trust (filed as Exhibit 3.2 to WRI's Registration Statement on Form 8-A dated January 19, 1999 and incorporated herein by reference).
3.3	—Second Amendment of the Restated Declaration of Trust (filed as Exhibit 3.3 to WRI's Registration Statement on Form 8-A dated January 19, 1999 and incorporated herein by reference).
3.4	—Third Amendment of the Restated Declaration of Trust (filed as Exhibit 3.4 to WRI's Registration Statement on Form 8-A dated January 19, 1999 and incorporated herein by reference).
3.5	—Fourth Amendment of the Restated Declaration of Trust dated April 28, 1999 (filed as Exhibit 3.5 to WRI's Annual Report on Form 10-K for the year ended December 31, 2001 and incorporated herein by reference).
3.6	—Fifth Amendment of the Restated Declaration of Trust dated April 20, 2001 (filed as Exhibit 3.6 to WRI's Annual Report on Form 10-K for the year ended December 31, 2001 and incorporated herein by reference).
3.7	—Amended and Restated Bylaws of WRI (filed as Exhibit 99.2 to WRI's Registration Statement on Form 8-A dated February 23, 1998 and incorporated herein by reference).
3.8	—Amendment of Bylaws-Direct Registration System, Section 7.2(a) dated May 3, 2007 (filed as Exhibit 3.8 to WRI’s Form 10-Q for the quarter ended June 30, 2007 and incorporated herein by reference).
4.1	—Subordinated Indenture dated as of May 1, 1995 between WRI and Chase Bank of Texas, National Association (formerly, Texas Commerce Bank National Association) (filed as Exhibit 4(a) to WRI's Registration Statement on Form S-3 (No. 33-57659) and incorporated herein by reference).
4.2	—Subordinated Indenture dated as of May 1, 1995 between WRI and Chase Bank of Texas, National Association (formerly, Texas Commerce Bank National Association) (filed as Exhibit 4(b) to WRI's Registration Statement on Form S-3 (No. 33-57659) and incorporated herein by reference).
4.3	—Form of Fixed Rate Senior Medium Term Note (filed as Exhibit 4.19 to WRI’s Annual Report on Form 10-K for the year ended December 31, 1998 and incorporated herein by reference).
4.4	—Form of Floating Rate Senior Medium Term Note (filed as Exhibit 4.20 to WRI’s Annual Report on Form 10-K for the year ended December 31, 1998 and incorporated herein by reference).
4.5	—Form of Fixed Rate Subordinated Medium Term Note (filed as Exhibit 4.21 to WRI’s Annual Report on Form 10-K for the year ended December 31, 1998 and incorporated herein by reference).
4.6	—Form of Floating Rate Subordinated Medium Term Note (filed as Exhibit 4.22 to WRI’s Annual Report on Form 10-K for the year ended December 31, 1998 and incorporated herein by reference).
4.7	—

	Statement of Designation of 6.75% Series D Cumulative Redeemable Preferred Shares (filed as Exhibit 3.1 to WRI's Registration Statement on Form 8-A dated April 17, 2003 and incorporated herein by reference).
4.8	—Statement of Designation of 6.95% Series E Cumulative Redeemable Preferred Shares (filed as Exhibit 3.1 to WRI's Registration Statement on Form 8-A dated July 8, 2004 and incorporated herein by reference).
4.9	—Statement of Designation of 6.50% Series F Cumulative Redeemable Preferred Shares (filed as Exhibit 3.1 to WRI's Registration Statement on Form 8-A dated January 29, 2007 and incorporated herein by reference).

4.10	—6.75% Series D Cumulative Redeemable Preferred Share Certificate (filed as Exhibit 4.2 to WRI's Registration Statement on Form 8-A dated April 17, 2003 and incorporated herein by reference).
4.11	—6.95% Series E Cumulative Redeemable Preferred Share Certificate (filed as Exhibit 4.2 to WRI's Registration Statement on Form 8-A dated July 8, 2004 and incorporated herein by reference).
4.12	—6.50% Series F Cumulative Redeemable Preferred Share Certificate (filed as Exhibit 4.2 to WRI's Registration Statement on Form 8-A dated January 29, 2007 and incorporated herein by reference).
4.13	—Form of Receipt for Depositary Shares, each representing 1/30 of a share of 6.75% Series D Cumulative Redeemable Preferred Shares, par value $.03 per share (filed as Exhibit 4.3 to WRI's Registration Statement on Form 8-A dated April 17, 2003 and incorporated herein by reference).
4.14	—Form of Receipt for Depositary Shares, each representing 1/100 of a share of 6.95% Series E Cumulative Redeemable Preferred Shares, par value $.03 per share (filed as Exhibit 4.3 to WRI's Registration Statement on Form 8-A dated July 8, 2004 and incorporated herein by reference).
4.15	—Form of Receipt for Depositary Shares, each representing 1/100 of a share of 6.50% Series F Cumulative Redeemable Preferred Shares, par value $.03 per share (filed as Exhibit 4.3 to WRI's Registration Statement on Form 8-A dated January 29, 2007 and incorporated herein by reference).
4.16	—Form of 7% Notes due 2011 (filed as Exhibit 4.17 to WRI's Annual Report on Form 10-K for the year ended December 31, 2001 and incorporated herein by reference).
4.17	—Form of 3.95% Convertible Senior Notes due 2026 (filed as Exhibit 4.2 to WRI's Form 8-K on August 2, 2006 and incorporated herein by reference).
10.1†	—1988 Share Option Plan of WRI, as amended (filed as Exhibit 10.1 to WRI's Annual Report on Form 10-K for the year ended December 31, 1990 and incorporated herein by reference).
10.2†	—The Savings and Investment Plan for Employees of Weingarten Realty Investors dated December 17, 2003 (filed as Exhibit 10.34 on WRI's Annual Report on Form 10-K for the year ended December 31, 2005 and incorporated herein by reference).
10.3†	—The Savings and Investment Plan for Employees of WRI, as amended (filed as Exhibit 4.1 to WRI's Registration Statement on Form S-8 (No. 33-25581) and incorporated herein by reference).
10.4†	—First Amendment to the Savings and Investment Plan for Employees of Weingarten Realty Investors dated August 1, 2005 (filed as Exhibit 10.25 on WRI's Form 10-Q for the quarter ended September 30, 2005 and incorporated herein by reference).
10.5†	—The Fifth Amendment to Savings and Investment Plan for Employees of WRI (filed as Exhibit 4.1.1 to WRI's Post-Effective Amendment No. 1 to Registration Statement on Form S-8 (No. 33-25581) and incorporated herein by reference).
10.6†	—Mandatory Distribution Amendment for the Savings and Investment Plan for Employees of Weingarten Realty Investors dated August 1, 2005 (filed as Exhibit 10.26 on WRI's Form 10-Q for the quarter ended September 30, 2005 and incorporated herein by reference).

10.7†	—The 1993 Incentive Share Plan of WRI (filed as Exhibit 4.1 to WRI's Registration Statement on Form S-8 (No. 33-52473) and incorporated herein by reference).
10.8†	—1999 WRI Employee Share Purchase Plan (filed as Exhibit 10.6 to WRI's Annual Report on Form 10-K for the year ended December 31, 1999 and incorporated herein by reference).
10.9†	—2001 Long Term Incentive Plan (filed as Exhibit 10.7 to WRI's Annual Report on Form 10-K for the year ended December 31, 2001 and incorporated herein by reference).
10.10	—Master Promissory Note in the amount of $20,000,000 between WRI, as payee, and Chase Bank of Texas, National Association (formerly, Texas Commerce Bank National Association), as maker, effective December 30, 1998 (filed as Exhibit 4.15 to WRI's Annual Report on Form 10-K for the year ended December 31, 1999 and incorporated herein by reference).

10.11†—Weingarten Realty Retirement Plan restated effective April 1, 2002 (filed as Exhibit 10.29 on WRI's Annual Report on Form 10-K for the year ended December 31, 2005 and incorporated herein by reference).

10.12†—First Amendment to the Weingarten Realty Retirement Plan, dated December 31, 2003 (filed as Exhibit 10.33 on WRI's Annual Report on Form 10-K for the year ended December 31, 2005 and incorporated herein by reference).

10.13†—First Amendment to the Weingarten Realty Pension Plan, dated August 1, 2005 (filed as Exhibit 10.27 on WRI's Form 10-Q for the quarter ended September 30, 2005 and incorporated herein by reference).

10.14†—Mandatory Distribution Amendment for the Weingarten Realty Retirement Plan dated August 1, 2005 (filed as Exhibit 10.28 on WRI's Form 10-Q for the quarter ended September 30, 2005 and incorporated herein by reference).

10.15†—Weingarten Realty Investors Supplemental Executive Retirement Plan amended and restated effective September 1, 2002 (filed as Exhibit 10.10 on WRI's Form 10-Q for the quarter ended June 30, 2005 and incorporated herein by reference).

10.16†—First Amendment to the Weingarten Realty Investors Supplemental Executive Retirement Plan amended on November 3, 2003 (filed as Exhibit 10.11 on WRI's Form 10-Q for the quarter ended June 30, 2005 and incorporated herein by reference).

10.17†—Second Amendment to the Weingarten Realty Investors Supplemental Executive Retirement Plan amended October 22, 2004 (filed as Exhibit 10.12 on WRI's Form 10-Q for the quarter ended June 30, 2005 and incorporated herein by reference).

10.18†—Third Amendment to the Weingarten Realty Investors Supplemental Executive Retirement Plan amended October 22, 2004 (filed as Exhibit 10.13 on WRI's Form 10-Q for the quarter ended June 30, 2005 and incorporated herein by reference).

10.19†—Weingarten Realty Investors Retirement Benefit Restoration Plan adopted effective September 1, 2002 (filed as Exhibit 10.14 on WRI's Form 10-Q for the quarter ended June 30, 2005 and incorporated herein by reference).

10.20†—First Amendment to the Weingarten Realty Investors Retirement Benefit Restoration Plan amended on November 3, 2003 (filed as Exhibit 10.15 on WRI's Form 10-Q for the quarter ended June 30, 2005 and incorporated herein by reference).

10.21†—Second Amendment to the Weingarten Realty Investors Retirement Benefit Restoration Plan amended October 22, 2004 (filed as Exhibit 10.16 on WRI's Form 10-Q for the quarter ended June 30, 2005 and incorporated herein by reference).

10.22†—Third Amendment to the Weingarten Realty Pension Plan dated December 23, 2005 (filed as Exhibit 10.30 on WRI's Annual Report on Form 10-K for the year ended December 31, 2005 and incorporated herein by reference).

10.23†—Weingarten Realty Investors Deferred Compensation Plan amended and restated as a separate and independent plan effective September 1, 2002 (filed as Exhibit 10.17 on WRI's Form 10-Q for the quarter ended June 30, 2005 and incorporated herein by reference).

10.24†—Supplement to the Weingarten Realty Investors Deferred Compensation Plan amended on April 25, 2003 (filed as Exhibit 10.18 on WRI's Form 10-Q for the quarter ended June 30, 2005 and incorporated herein by reference).

10.25†—First Amendment to the Weingarten Realty Investors Deferred Compensation Plan amended on November 3, 2003 (filed as Exhibit 10.19 on WRI's Form 10-Q for the quarter ended June 30, 2005 and incorporated herein by reference).

10.26†—Second Amendment to the Weingarten Realty Investors Deferred Compensation Plan, as amended, dated October 13, 2005 (filed as Exhibit 10.29 on WRI's Form 10-Q for the quarter ended September 30, 2005 and incorporated herein by reference).

10.27†—Trust Under the Weingarten Realty Investors Deferred Compensation Plan amended and restated effective October 21, 2003 (filed as Exhibit 10.21 on WRI’s Form 10-Q for the quarter ended June 30, 2005 and incorporated herein by reference).

10.28†—Fourth Amendment to the Weingarten Realty Investors Deferred Compensation Plan, dated December 23, 2005 (filed as Exhibit 10.31 on WRI’s Annual Report on Form 10-K for the year ended December 31, 2005 and incorporated herein by reference).

10.29†—Trust Under the Weingarten Realty Investors Retirement Benefit Restoration Plan amended and restated effective October 21, 2003 (filed as Exhibit 10.22 on WRI’s Form 10-Q for the quarter ended June 30, 2005 and incorporated herein by reference).

10.30† —Trust Under the Weingarten Realty Investors Supplemental Executive Retirement Plan amended and restated effective October 21, 2003 (filed as Exhibit 10.23 on WRI's Form 10-Q for the quarter ended June 30, 2005 and incorporated herein by reference).

10.31† —First Amendment to the Trust Under the Weingarten Realty Investors Deferred Compensation Plan, Supplemental Executive Retirement Plan, and Retirement Benefit Restoration Plan amended on March 16, 2004 (filed as Exhibit 10.24 on WRI's Form 10-Q for the quarter ended June 30, 2005 and incorporated herein by reference).

10.32† —Third Amendment to the Weingarten Realty Investors Deferred Compensation Plan dated August 1, 2005 (filed as Exhibit 10.30 on WRI's Form 10-Q for the quarter ended September 30, 2005 and incorporated herein by reference).

10.33 —Amended and Restated Credit Agreement dated February 22, 2006 among Weingarten Realty Investors, the Lenders Party Hereto and JPMorgan Chase Bank, N.A., as Administrative Agent (filed as Exhibit 10.32 on WRI's Form 10-K for the year ended December 31, 2005 and incorporated by reference).

10.34 —Amendment Agreement dated November 7, 2007 to the Amended and Restated Credit Agreement (filed as Exhibit 10.34 on WRI's Form 10-Q for the quarter ended September 30, 2007 and incorporated herein by reference).

10.35† —Fifth Amendment to the Weingarten Realty Investors Deferred Compensation Plan (filed as Exhibit 10.34 to WRI's Form 10-Q for quarter ended June 30, 2006 and incorporated herein by reference).

10.36† —Restatement of the Weingarten Realty Investors Supplemental Executive Retirement Plan dated August 4, 2006 (filed as Exhibit 10.35 to WRI's Form 10-Q for the quarter ended September 30, 2006 and incorporated herein by reference).

10.37† —Restatement of the Weingarten Realty Investors Deferred Compensation Plan dated August 4, 2006 (filed as Exhibit 10.36 to WRI's Form 10-Q for the quarter ended September 30, 2006 and incorporated herein by reference).

10.38† —Restatement of the Weingarten Realty Investors Retirement Benefit Restoration Plan dated August 4, 2006 (filed as Exhibit 10.37 to WRI's Form 10-Q for the quarter ended September 30, 2006 and incorporated herein by reference).

10.39† —Amendment No. 1 to the Weingarten Realty Investors Supplemental Executive Retirement Plan dated December 15, 2006 (filed as Exhibit 10.38 on WRI's Form 10-K for the year ended December 31, 2006 and incorporated by reference).

10.40† —Amendment No. 1 to the Weingarten Realty Investors Retirement Benefit Restoration Plan dated December 15, 2006 (filed as Exhibit 10.39 on WRI's Form 10-K for the year ended December 31, 2006 and incorporated by reference).

10.41† —Amendment No. 1 to the Weingarten Realty Investors Deferred Compensation Plan dated December 15, 2006 (filed as Exhibit 10.40 on WRI's Form 10-K for the year ended December 31, 2006 and incorporated by reference).

10.42† —Final 401(k)/401(m) Regulations Amendment dated December 15, 2006 (filed as Exhibit 10.41 on WRI's Form 10-K for the year ended December 31, 2006 and incorporated by reference).

10.43† —Amendment No. 2 to the Weingarten Realty Investors Retirement Benefit Restoration Plan dated November 9, 2007 (filed as Exhibit 10.43 on WRI's Form 10-K for the year ended December 31, 2007 and incorporated by reference).

10.44† —Amendment No. 2 to the Weingarten Realty Investors Deferred Compensation Plan dated November 9, 2007 (filed as Exhibit 10.44 on WRI's Form 10-K for the year ended December 31, 2007 and incorporated by reference).

10.45† — Amendment No. 2 to the Weingarten Realty Investors Supplemental Executive Retirement Plan dated November 9, 2007 (filed as Exhibit 10.45 on WRI's Form 10-K for the year ended December 31, 2007 and incorporated by reference).

10.46† — Severance Benefit and Stay Pay Bonus Plan dated September 20, 2007 (filed as Exhibit 10.46 on WRI's Form 10-K for the year ended December 31, 2007 and incorporated by reference).

10.47† — 2007 Reduction in Force Severance Pay Plan dated November 6, 2007 (filed as Exhibit 10.47 on WRI's Form 10-K for the year ended December 31, 2007 and incorporated by reference).

10.48†* — Fifth Amendment to the Weingarten Realty Retirement Plan, dated August 1, 2008.

14.1	—Code of Ethical Conduct for Senior Financial Officers – Andrew M. Alexander (filed as Exhibit 14.1 to WRI's Annual Report on Form 10-K for the year ended December 31, 2003 and incorporated herein by reference).
14.2	—Code of Ethical Conduct for Senior Financial Officers – Stephen C. Richter (filed as Exhibit 14.2 to WRI's Annual Report on Form 10-K for the year ended December 31, 2003 and incorporated herein by reference).
14.3	—Code of Ethical Conduct for Senior Financial Officers – Joe D. Shafer (filed as Exhibit 14.3 to WRI's Annual Report on Form 10-K for the year ended December 31, 2003 and incorporated herein by reference).
31.1*	—Certification pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer).
31.2*	—Certification pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).
32.1**	—Certification pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer).
32.2**	—Certification pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).

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* Filed with this report.

** Furnished with this report.

† Management contract or compensation plan or arrangement.