

# Weingarten Realty Investors

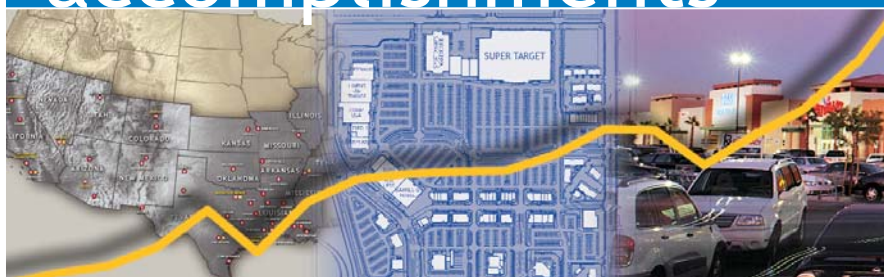
Weingarten Realty Investors is a Houston-based equity real estate investment trust (REIT). Founded in 1948, we restructured to a REIT and listed on the New York Stock Exchange in August 1985, trading under the symbol "WRI". Since that time we have increased the dividend every year and, including the dividends, have produced a 14.4% compound return through March 31, 2004.

Weingarten's business activities encompass the long-term ownership, management, acquisition, development and redevelopment of strategically located neighborhood and community shopping centers and select industrial properties. The vast majority of our shopping centers are anchored by either a supermarket or a national value-oriented retailer such as Target or Wal-Mart. At the close of the first quarter of 2004, our portfolio contained 334 properties totaling 44.6 million square feet.

Our properties are primarily located in the highest growth regions of the country, the South and West. Our footprint encompasses major metropolitan markets in 20 states that span the southern part of the United States from coast to coast. We concentrate our growth in the areas we currently serve, allowing us to effectively lease and manage our assets through our network of regional offices. Our conservative underwriting practices in both acquisitions and new development projects, combined with continuous, diligent leasing, management and re merchandising of existing properties, have earned us the reputation as one of the premier REITs in the nation.

Additionally, Weingarten has one of the strongest balance sheets in the industry. Our solid capital structure, the ongoing discipline exhibited by our seasoned management team and the proven operating results achieved year after year have afforded us the ability to boast an A/A3 credit rating from Standard and Poor's and Moody's, respectively, the highest combined credit ratings of any publicly-traded REIT. We want to assure you that every member of the Weingarten Realty Investors team strives to preserve your confidence in us, and we are pleased to share with you our many accomplishments of the first quarter of 2004.

# 2004 accomplishments



## First Quarter Results - March 31, 2004

*(In thousands, except per share amounts. All per share amounts are adjusted for the company's 3 for 2 share split effective March 30, 2004)*

| Three Months Ended March 31,                   | 2004       | 2003      |
|--|------------|-----------|
| Rental Revenues                                | \$ 116,001 | \$ 96,383 |
| Net Income Available to<br>Common Shareholders | \$ 27,143  | \$ 24,969 |
| Funds from Operations                          | \$ 52,237  | \$ 43,915 |
| Funds from Operations<br>per Share - Diluted   | \$ 0.62    | \$ 0.56   |
| Cash Dividends per Share                       | \$ 0.415   | \$ 0.390  |

## First Quarter Accomplishments

- Funds from Operations, considered the most meaningful performance measurement within the REIT industry, was \$52.2 million for the first quarter of 2004, up from \$43.9 million in 2003, a 18.9% increase. On a diluted per share basis, Funds from Operations increased to \$0.62 as compared to \$0.56 for the first quarter 2003, an increase of 10.7%
- Net income available to common shareholders increased to \$27.1 million, as compared to \$25.0 million in the first quarter 2003, an increase of 8.4%
- Rental Revenues increased 20.3% to \$116.0 million for the first quarter of 2004, up from \$96.4 million for the first quarter of 2003
- Invested \$240.9 million in acquisitions and new development projects
- Raised \$121.1 million through the sale of 3.6 million common shares at \$33.64 per share, and issued \$200 million of medium-term notes with 10-year maturities and an effective weighted average interest rate of 5.2%
- Called for the redemption of the 7.0% Cumulative Redeemable Preferred C Shares totaling \$112.6 million
- Completed a 3 for 2 share split on March 30, 2004 to shareholders of record on March 16, 2004
- Dividends were increased 6.4% to \$0.415 per share quarterly from \$0.39 per share (both on a post-split basis). On an annualized basis, this represents a dividend of \$1.66 per share as compared to \$1.56 per share for 2003

# Financial Statements *(In thousands, except per share amounts that are reported on a post-split basis)*

Weingarten Realty Investors

## Statements of Consolidated Income and Funds from Operations (Unaudited)

|  | Three Months Ended March 31, |                  |
|--|------------------------------|------------------|
|  | 2004                         | 2003             |
| Rental Income  | \$ 116,001                   | \$ 96,383        |
| Interest Income  | 276                          | 246              |
| Other Income   | 1,571                        | 1,018            |
| Total Revenues   | <u>117,848</u>               | <u>97,647</u>    |
| Depreciation and Amortization                                  | 26,663                       | 21,057           |
| Interest Expense   | 27,733                       | 19,439           |
| Operating Expense  | 17,214                       | 14,047           |
| Ad Valorem Taxes   | 14,527                       | 11,419           |
| General and Administrative Expense                             | 4,026                        | 3,057            |
| Total Expenses   | <u>90,163</u>                | <u>69,019</u>    |
| Operating Income   | 27,685                       | 28,628           |
| Equity in Earnings of Joint Ventures                           | 1,286                        | 1,038            |
| Income Allocated to Minority Interests                         | (879)                        | (895)            |
| Gain on Sale of Properties                                     | 317                          | 9                |
| Income Before Discontinued Operations                          | <u>28,409</u>                | <u>28,780</u>    |
| Operating Income From Discontinued Operations                  | -                            | 240              |
| Gain on Sale of Properties                                     | -                            | 871              |
| Income from Discontinued Operations                            | -                            | 1,111            |
| Net Income   | 28,409                       | 29,891           |
| Less: Preferred Dividends                                      | 1,266                        | 4,922            |
| Net Income Available to Common Shareholders--Basic             | <u>\$ 27,143</u>             | <u>\$ 24,969</u> |
| Net Income Per Common Share--Basic                             | <u>\$ 0.33</u>               | <u>\$ 0.32</u>   |
| Net Income Available to Common Shareholders--Diluted           | <u>\$ 27,969</u>             | <u>\$ 25,801</u> |
| Net Income Per Common Share--Diluted                           | <u>\$ 0.32</u>               | <u>\$ 0.32</u>   |
| Funds from Operations:   |                              |                  |
| Net Income Available to Common Shareholders                    | \$ 27,143                    | \$ 24,969        |
| Depreciation and Amortization                                  | 24,754                       | 19,392           |
| Depreciation and Amortization of Unconsolidated Joint Ventures | 657                          | 434              |
| Gain on Sale of Properties                                     | (317)                        | (880)            |
| Funds from Operations--Basic                                   | <u>\$ 52,237</u>             | <u>\$ 43,915</u> |
| Funds from Operations Per Common Share--Basic                  | <u>\$ 0.63</u>               | <u>\$ 0.56</u>   |
| Funds from Operations--Diluted                                 | <u>\$ 53,567</u>             | <u>\$ 45,178</u> |
| Funds from Operations Per Common Share--Diluted                | <u>\$ 0.62</u>               | <u>\$ 0.56</u>   |
| Weighted Average Shares Outstanding--Basic                     | <u>83,143</u>                | <u>78,136</u>    |
| Weighted Average Shares Outstanding--Diluted                   | <u>86,281</u>                | <u>81,026</u>    |

## Consolidated Balance Sheets

|   | March 31,<br>2004<br>(Unaudited) | December 31,<br>2003<br>(Audited) |
|---|----------------------------------|-----------------------------------|
| Property  | \$ 3,447,492                     | \$ 3,200,091                      |
| Accumulated Depreciation                              | (549,714)                        | (527,375)                         |
| Investment in Real Estate Joint Ventures              | 35,671                           | 35,085                            |
| Notes Receivable                                      | 41,705                           | 36,825                            |
| Unamortized Debt and Lease Costs                      | 78,170                           | 70,895                            |
| Accrued Rent and Accounts Receivable, net             | 29,244                           | 40,325                            |
| Cash and Cash Equivalents                             | 34,455                           | 20,255                            |
| Other Assets  | 52,152                           | 46,993                            |
| Total Assets  | <u>\$ 3,169,175</u>              | <u>\$ 2,923,094</u>               |
| Debt  | \$ 1,947,070                     | \$ 1,810,706                      |
| Preferred Shares Subject to Mandatory Redemption, net | 109,378                          | 109,364                           |
| Accounts Payable and Accrued Expenses                 | 52,466                           | 78,986                            |
| Other   | 77,558                           | 52,671                            |
| Total Liabilities                                     | <u>2,186,472</u>                 | <u>2,051,727</u>                  |
| Minority Interest                                     | 56,033                           | 49,804                            |
| Preferred Shares of Beneficial Interest               | 90                               | 90                                |
| Common Shares of Beneficial Interest                  | 2,562                            | 2,488                             |
| Capital Surplus                                       | 1,112,768                        | 993,570                           |
| Accumulated Dividends in Excess of Net Income         | (182,670)                        | (174,234)                         |
| Accumulated Other Comprehensive Loss                  | (6,080)                          | (351)                             |
| Total Shareholders' Equity                            | <u>926,670</u>                   | <u>821,563</u>                    |
| Total Liabilities and Shareholders' Equity            | <u>\$ 3,169,175</u>              | <u>\$ 2,923,094</u>               |

*Note: Certain reclassifications of prior years' amounts have been made to conform with the current year presentation.*

## Operations

Funds from Operations increased to \$52.2 million in the first quarter of 2004 from \$43.9 million for the same quarter of the prior year, an 18.9% increase. On a diluted per share basis, Funds from Operations increased to \$0.62 in 2004 from \$0.56 in 2003, an increase of 10.7%.

Net Income Available to Common Shareholders for the first quarter of 2004 totaled \$27.1 million, or \$0.32 per diluted share, as compared to \$25.0 million, or \$0.32 per diluted share, in 2003.

Rental Revenues increased by 20.3% to \$116.0 million in 2004 from \$96.4 million for the first quarter of 2003 due primarily to the Company's active acquisition and new development programs, in addition to the increased performance of the existing portfolio. Approximately 90% of these revenues are represented by the retail division, with the remainder coming from our industrial division.

Leasing activity remains strong throughout the portfolio. During the first three months of 2004, the Company completed 264 new leases or renewals totaling 973,000 square feet with an average rental rate increase of 8.5% on a same-space basis. Net of capital costs associated with improvements to the leased spaces, rental rates increased 6.4%. Additionally, same property NOI growth for the first quarter 2004 was 2.8%, up from 1.6% for the quarter ended March 31, 2003.

Occupancy in the portfolio increased as compared to prior periods as follows:

| <i>Property Type</i>  | <i>March 31,<br/>2004</i> | <i>March 31,<br/>2003</i> |
|-----------------------|---------------------------|---------------------------|
| Shopping Centers      | <b>93.5%</b>              | 92.6%                     |
| Industrial Properties | <b>93.2%</b>              | 89.0%                     |
| <b>Total</b>          | <b>93.5%</b>              | <b>91.8%</b>              |

It is important to note that our overall occupancy level has remained above 90% throughout our 55-year history. We believe that this stability can be attributed to the nature of our retailers that provide basic, everyday consumer necessities. In fact, the vast majority of our shopping centers are anchored by either a market-dominant supermarket or a national discount department store such as Target or Wal-Mart. Combined with convenient locations, attractive and well-maintained properties, high quality retailers and a strong tenant mix, this helps to ensure the long-term success of our merchants and the viability of our portfolio. Additionally, we have tremendous tenant diversification. Our largest tenant represents less than 3% of our total rental revenues. Our top ten tenants represent only 14.8% of our business, and, after number three, every one of our 4,900 tenants is less than 1.5% of our rental revenues.

The Board of Trust Managers declared a \$0.415 per share dividend (post-split) for the quarter ended March 31, 2004, or \$1.66 annually. The dividend represents an increase of 6.4% over the same period in 2003 and is payable on June 15, 2004 to shareholders of record on June 4, 2004. This represents a common dividend payout ratio of 68.1% of Funds from Operations.

## Portfolio Growth

In January 2004, we acquired three supermarket-anchored shopping centers. Greenhouse Marketplace, located in San Leandro, California, is a 100% leased 151,400 square foot shopping center anchored by Safeway and Longs Drugs, which are owned by others, and includes other retailers such as 99 Cents Only, Factory 2-U and Big Lots. Leesville Town Centre is a 114,400 square foot center located in Raleigh, North Carolina that is also 100% occupied, and is anchored by Harris Teeter, the number one supermarket operator in the region, and Blockbuster. Harrison Pointe Center is a 123,700 square foot center anchored by Harris Teeter and Staples that is located in Cary, North Carolina (a suburb of Raleigh). This center is currently 98% leased.

On March 1, 2004, we closed on the acquisition of a portfolio of four shopping centers: 1) First Colony Commons is a 410,000 square foot community center located in Sugar Land (Houston), Texas that is anchored by Home Depot, Michael's, Office Depot, Babies R Us and Conn's Appliances and is over 89% leased; 2) T.J. Maxx Plaza is a 161,900 square foot center anchored by T.J. Maxx and Winn Dixie that is located in Kendall (Miami), Florida, and is currently over 95% occupied; 3) Largo Mall, a 377,800 square foot community center that is anchored by a corporately-owned Albertson's and Target, as well as Marshall's, Bed, Bath & Beyond, PetsMart, Staples and Michael's. Located near St. Petersburg, Florida, the center is currently over 94% leased; and 4) Tates Creek is a 184,500 square foot shopping center located in Lexington, Kentucky, which represents WRI's 20th state. The center is currently over 99% occupied, and is anchored by Kroger and Rite Aid. Our total investment in acquisitions for the first quarter of 2004 was \$230.4 million. Subsequent to quarter-end, we acquired a 50% partnership interest in three shopping centers in McAllen, Texas totaling 467,900 square feet.

Weingarten currently has 13 retail new development properties in various stages of construction. The projects have progressed nicely, as leasing remains strong. During the first quarter of 2004, we invested \$10.5 million in these properties, which are currently 86% leased. Upon completion, these developments will represent an investment of approximately \$129 million and will add 937,000 square feet to the portfolio. All 13 retail developments are anchored either by a supermarket or a national discount department store, and

these projects will come on-line during the remainder of 2004 and into 2005.

## Financing

The Company continues to maintain a conservative balance sheet. During the first quarter, we issued 3.6 million common shares at \$33.64. The net proceeds of \$118 million were primarily used to redeem our 7.0% Cumulative Redeemable Series C Preferred Shares totaling \$112.6 million, which were called on March 2, 2004 and redeemed on April 1, 2004. We also continued our practice of refinancing short-term, variable-rate debt under our revolving line of credit with longer-term, fixed-rate debt. During the quarter ended March 31, 2004, we issued a total of \$200 million of 10-year medium-term notes through three separate transactions with an effective weighted average interest rate of 5.2%. Subsequent to quarter-end, we issued an additional \$50 million, 10-year medium term note at 4.8%. Although these transactions have a negative impact on our interest expense, we believe it is prudent to reduce the Company's exposure to future interest rate increases.

## Outlook

Since the beginning of the second quarter, REIT share prices have been quite volatile. The RMS index, which

is the industry's widely followed index, has been down by over 16% during this period. Many in our industry have been predicting a market correction for quite some time since we have experienced 3-plus years of increasing share prices and expansions in the share price multiple.

Despite the recent instability of REIT industry share prices, including WRI's, the operating fundamentals remain sound. We are very pleased with our accomplishments for the first quarter of 2004, and we believe that we remain on target to achieve our previously communicated 2004 goals. As always, we remain intently focused on maximizing the cash flows from our 44.6 million square feet of existing properties. Leasing activity remains strong, and we expect rental rates and occupancy to continue to increase. New development projects are progressing as anticipated, with the majority of them to be completed during the remainder of this year. Real estate is a long-term investment. We have operated and grown the Company with this perspective for over 55 years, and will continue our long-term focus.

We want to thank our Board of Trustees and our associates for their continued efforts and dedication as we move further into what we believe will be another great year for Weingarten Realty Investors and our shareholders.

## Shareholder Information & Services

Shareholders are encouraged to contact the Company with questions or requests for information. In an effort to handle all inquiries quickly and efficiently, WRI offers the following services:

### Internet

WRI can be found on The World Wide Web at: [www.weingarten.com](http://www.weingarten.com)

Our website includes press releases, most recent conference call playback, annual and quarterly earnings reports, supplemental financial information, SEC filings and other investor information.

### E-Mail

You may communicate with WRI's Investor Relations Department via electronic mail at: [ir@weingarten.com](mailto:ir@weingarten.com)

### Regular Phone/Mail

Weingarten Realty Investors  
2600 Citadel Plaza Drive, Suite 300  
Houston, TX 77008  
P.O. Box 924133  
Houston, TX 77292-4133  
713-866-6000, toll-free 800-298-9974 (voice)  
713-866-6049 (fax)  
Contact: Tracy Pursell *Director, Investor Relations*

### Direct Stock Purchase & Dividend Reinvestment

WRI offers a convenient way to purchase WRI common shares of beneficial interest, and to automatically reinvest dividends. For a complete information package on the WRI Investor Services Program, please contact:

Mellon Investor Services LLC  
P.O. Box 3338  
South Hackensack, NJ 07606-1938  
888-887-2966 or  
[www.melloninvestor.com](http://www.melloninvestor.com)

### Direct Deposit

WRI offers shareholders direct deposit of dividends. Interested shareholders should contact Mellon Investor Services at 800-550-4689 or visit the investor website at [www.melloninvestor.com](http://www.melloninvestor.com)