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Weingarten Realty Investors (WRI)

Q4 2017 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, and welcome to Weingarten Realty Inc.'s Fourth Quarter 2017 Earnings Call for February 22, 2018. My name is Brandon, and I'll be your operator for today. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. [Operator Instructions] Please note, this conference is being recorded.

And I will now turn it over to Michelle Wiggs. Michelle, you may begin.

Michelle Wiggs
Vice President-Investor Relations, Weingarten Realty Investors

Good morning, and welcome to our fourth quarter 2017 conference call. Joining me today is Drew Alexander, President and CEO; Stanford Alexander, Chairman; Johnny Hendrix, Executive Vice President and COO; Steve Richter, Executive Vice President and CFO; and Joe Shafer, Senior Vice President and CAO.

As a reminder, certain statements made during the course of this call are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results could differ materially from those projected in such forward-looking statements due to a variety of factors. More information about these factors is contained in the company's SEC filings.

Also during this conference call, management may make reference to certain non-GAAP financial measures such as funds from operations or FFO, both core and NAREIT, which we believe helped analysts and investors to better understand Weingarten's operating results. Reconciliation to these non-GAAP financial measures is available in our supplemental information package located under the Investor Relations tab of our website.

I will now turn the call over to Drew Alexander.

Andrew M. Alexander

President & Chief Executive Officer, Weingarten Realty Investors

Thank you, Michelle, and thanks to all of you for joining us. While there's been a lot of press about the state of retail, looking at our results, you'll see that retail generally in the strip center space is alive and our fortress portfolio doing quite well.

I'm pleased to announce another good quarter, a fitting close to a very successful year. We're quite pleased to report core FFO for the year beat our original guidance by $0.05 a share, even with the effect of selling more properties than originally planned. Same property NOI growth remained strong, rental rate increases were outstanding and occupancy remained relatively static, even with the absorption of the bankruptcies from earlier in the year.

Our portfolio is stronger than ever and consumers continue to frequent these great centers. Certainly, there remain challenges ahead of us, as consumer buying preferences continue to evolve, but our merchants can and will adjust and a physical presence will play an important role in their continued success.

Our disposition program was highly successful with $444 million of dispositions in 2017 and an additional $221 million to-date in 2018. We will further strengthen our quality portfolio as we take advantage of the difference between public and private valuations in the marketplace. With these dispositions, we have the flexibility to fund our new development and redevelopment projects, consider a modest share buyback on a leverage-neutral basis, maintaining our strong balance sheet.

While dispositions impact FFO in short-term, we believe it's the best long-term action for our shareholders. Additionally, we'll continue to pursue quality acquisition opportunities, but the environment remains extremely competitive. So, buying will be difficult, but we'll continue to compete.

With respect to new development activities, all are progressing nicely in DC at West Alex, formerly known as Gateway. You'll see in the supplemental, the project may take a bit longer and the returns might deteriorate a bit as a result. This is because we're likely requesting a zoning change to lessen the amount of office space and add some senior living space. We've gotten stronger interest from developers to buy the rights for a senior living project and we feel this will make a much better long-term development.

As to future developments, we continue to work on projects but we're being very cautious with our risk profile. As to redevelopment, we expect to break ground later this year on our 30-story luxury high rise at our prominent River Oaks Shopping Center here in Houston. The tower will include over 300 residential units with around 10,000 square feet of ground floor retail and the total project cost will approximate $150 million. We've many other redevelopment projects in the pipeline that will provide excellent returns on the invested capital, and we continue to work those with great focus.

Great progress on development and a terrific quarter and year. Steve, the financials?

Stephen C. Richter

Chief Financial Officer & Executive Vice President, Weingarten Realty Investors

Thanks, Drew. Good morning, everyone. I'm pleased to once again report strong earning results. Core FFO for the quarter was $78.5 million or $0.61 per share, unchanged from the prior year on a per share basis. Increases in net operating income from our existing portfolio, due primarily to rental rate increases and reduced interest expense from favorable debt refinancings were also offset by the impact of our disposition program.

For the year, core FFO was $318.4 million or $2.45 per share for 2017, an increase of 4.7% on a per share basis over the prior year. Core FFO for 2017 also benefited from the full-year effect of our significant 2016 acquisition program. A reconciliation of net income to NAREIT FFO and core FFO is included in our press release.

Our balance sheet is stronger than ever with the deleveraging from our disposition program. While we did pay a special dividend in December of $0.75 a share or $96.5 million due to the significant gains from our dispositions, the remainder of the proceeds were used to pay down the revolver. At year-end, our net debt-to-EBITDA was a strong 5.28 times and our debt-to-total market cap was 32.8%, supported by a well-laddered maturity schedule that has no significant maturities until 2020.

And finally, guidance for 2018. We expect that NAREIT FFO and core FFO will be in the range of $2.27 to $2.33 per diluted share. This assumes acquisitions of $50 million to $150 million in the latter half of the year, and new development and redevelopment investment in the range of $125 million to $175 million.

We also expect dispositions to be in the range of $250 million to $450 million, with $221 million that have already closed to-date. This level of dispositions will likely result in the payment of a special dividend in 2018. As to the existing portfolio, we expect occupancy to tick up slightly over the course of the year, but that could obviously change depending upon bankruptcy activity.

Our same property NOI with redevelopment is expected to grow in the range of 2.5% to 3.5%. Our core FFO guidance includes the full-year dilution of the 2017 dispositions of $0.17 per share and the partial year disposition of $0.15 to $0.18 per share for our 2018 dispositions, which are significantly weighted towards the first quarter.

We have specifically included a $1.4 million or about $0.01 a share decrease in NOI due to the fall out of two Toys "R" Us locations and 11 Payless locations which is included in our same property NOI and FFO guidance. All of the details of our guidance are included on page 9 of our supplemental along with a roll forward of our 2017 actual FFO to 2018 FFO guidance.

Johnny?

Johnny L. Hendrix

Chief Operating Officer & Executive Vice President, Weingarten Realty Investors

Thank you, Steve. In light of all the pressure on our industry, it's wonderful for all our associates to see their hard work come to fruition, resulting in very strong operating metrics for 2017.

Leasing velocity was solid. We executed 338 new leases in 2017, representing $25 million in base minimum rent. That's about the same as 2016. Occupancy rose 50 basis points during the year. Shop space ended 2017 at 90.3%. Rent growth for the entire year was 23% for new leases and almost 12% overall.

Our redevelopment pipeline is at an all-time high with $230 million in active projects. And our same property NOI with redevelopment for 2017 grew 2.6%. We're proud of these metrics and confident we have the team and the properties that can continue to produce very good results going forward.

While I acknowledge there are challenges, the transformation of our portfolio since 2011 has put us in a position where we own the best assets in our target markets, 75% of our rent comes from centers that are anchored by a supermarket. And these supermarkets average over $630 a square foot. This translates to over 1 million customers a year coming in to our shopping centers just to shop at the supermarket.

Hundreds of thousands more customers coming to visit our top tenants like TJ Maxx, Ross, Marshalls, Bed Bath & Beyond, Petsmart, 24 Hour Fitness, Home Depot and many others.

As of today, we signed 65% of our renewals for 2018 with an average increase of 7%. We continue to see the same retail categories expanding as we've leased to over the last year or so. Anchors like supermarkets, pets, discount clothing, hobby stores, wine stores and home accessories.

We've executed multiple leases with T-Mobile, Kirkland's, [indiscernible] (00:10:24), Smoothie King, [indiscernible] (00:10:27) and many more. We've also seen several retailers coming out of malls like Foot Locker, America's Best and Kay Jewelers.

Updating a couple of our bankrupt tenants. Following the sale of Best in the West, we have four locations with Toys "R" Us. And they've indicated they are terminating two of these locations which represent 75,000 square feet and $1.1 million in annual base minimum rent on a pro rata basis. The timing of the closures of these stores is undetermined. We're still working through Payless and Route 21. I expect the current five Route 21 stores will remain open.

As for Payless, Weingarten will probably exercise our rights to terminate most of the remaining 14 Payless stores in the portfolio over the next 12 months. This will allow for an orderly re-tenanting of these spaces. As Steve mentioned, this fallout is reflected in our same property NOI guidance. At the end of the quarter, occupancy was 94.8%. The company anticipates this will drop during the first half of 2018 and pick up through the rest of the year.

It's significant that our current signed and not commenced leases represents 290 basis points of occupancy. That's 750,000 square feet and $14 million in annual base minimum rent. Much of this will commence in 2018 weighted toward the second half of the year. As a result, same property NOI will build throughout the year.

The company continues to make great strides expanding our redevelopment program. We're beginning 2018 with 16 active projects representing $230 million in new investment. All of these redevelopments take a lot of time as we have to get tenant approvals, entitlements and reposition space, but it's very accretive to FFO and NAV with a very nice risk reward ratio.

At Sunset 19, we relocated Bed Bath & Beyond into a portion of a former supermarket. They commenced paying rent last quarter along with the new Cost Plus, Hobby Lobby and Five Below. Also during the quarter, we finalized new leases with Carter's, Kirkland's, [indiscernible] (00:13:01).

Today, we're excited to announce the last anchor space in the center is leased with the signing of Sprouts. We know they will generate great traffic and excitement in the center, an increase in AV for our shareholders.

We're also starting construction on 12,000 square feet of Spec's space next month with two outparcel buildings. We've commenced demolition of the former supermarket at Winter Park and anticipate commencing Sprouts in a new building in the first half of 2019. We're also announcing today a third new Sprouts lease in our Silver Creek shopping center in San Jose. They'll occupy part of a former supermarket and again add traffic and value to that property.

The company continues to scour our target markets for great assets. We're seeing supermarket-anchored shopping centers with strong demographics and good growth selling for cap rates in the range of 4.5% to 5.5%. These assets are attracting a strong list of bidders and lots of interest.

Drew?

Andrew M. Alexander
President & Chief Executive Officer, Weingarten Realty Investors

Thanks, Johnny. A good quarter and a good year. As always, our job is to do the right long-term thing for our shareholders in order to create value and we will continue to focus on that. We've great shopping center operators and will continue to enhance our strong portfolio and create value for our shareholders in spite of the headwinds we're encountering. Great people, great properties and a great platform equals great results. I thank you all for joining the call today and for your continued interest in Weingarten.

Operator, we'd be happy to take questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] And from Citi, we have Christy McElroy. Please go ahead.

Christy McElroy
Analyst, Citigroup Global Markets, Inc.

Q

Hi. Thanks. Good morning. Drew, you mentioned the dispositions being beneficial long-term. Just wanted to get some additional color on that comment. It seems like the transaction cap rates has picked up and the dilution to FFO is obviously very meaningful. Why transact at these levels when it's so dilutive? Can you may be like expand on that long-term benefit? It seems like you have the balance sheet and the free cash flow to fund your project pipeline. Are these assets in the tail that much of a potential drag that you have to get rid of them?

Andrew M. Alexander
President & Chief Executive Officer, Weingarten Realty Investors

A

Good morning, Christy. I think there's a lot of things that go into that, and I'll try to elaborate a little more. First of all, what the cap rate is, is very much a judgment call that moves around. So, when you sell something that has a Toys "R" Us that's announced closing and you're including that in the income stream then the cap rate is a little overstated and the sort of long-term stabilized cap rate would actually be lower. So, again, as I've said, in any given quarter, what the reported cap rate is, is subject to a fair amount of interpretation.

But directionally, you're right. And I think we've talked about in other context that for weaker centers, cap rates have moved up a bit. We've got somewhat of a wide range on our disposition guidance in 2018. What we've done so far in 2018 was, obviously, things that we worked on in 2017 that carried over. And I think it's a matter of the strategy that we've talked about of selling more of the pure power centers, some of the less geographically-desirable assets, the things that are isolated, which while it is dilutive in the short run, I think positions the company much better for the long run with all of the forces that are possibly threatening retail. So, it is a circumstance where there's some short-term pain, but we think, long-term, we're better off.

Christy McElroy
Analyst, Citigroup Global Markets, Inc.

Q

All right. And then, I'm sorry if I missed this, you mentioned using disposition proceeds for project spending and debt pay down. How are you thinking about share buybacks here? Under what scenario would you think about doing buyback?

Andrew M. Alexander
President & Chief Executive Officer, Weingarten Realty Investors

A

So, maybe I'll talk a bit and then Steve can chime in. I think all elements of things are on the table. We are committed to the development that are under way. We're still looking at new, new developments that are going to be pretty selective about that. We also are still continuing to look at acquisitions, but we'll be quite selective about that. As far as doing some amount of buyback I think it's something that we certainly look at over time. As the stock price moves around, I think we want to do it on a leverage neutral basis over time. So, look at paying our debt down and other debt alternatives.

And then, as Steve mentioned, we do have to be cognizant of the fact that with the dispositions that we've done so far this year and what we're likely to do in the rest of the year, we're very, very likely looking at another special dividend this year, which again is not perfect, not ideal but we think is a better risk reward perspective. And while we might look at some acquisitions and we'd take advantage of 10/31 opportunities if they were good deals and good returns, we don't think we'll do enough of that to likely mitigate a special dividend. Steve, any other?

Stephen C. Richter
Chief Financial Officer & Executive Vice President, Weingarten Realty Investors

A

No. I think Drew covered it all. I think that when you look at the proceeds, it's really going to boil down between paying down debt, possible buybacks, acquisitions and funding the new development program.

Christy McElroy
Analyst, Citigroup Global Markets, Inc.

Q

All right. Thanks for the time, guys.

Operator: From SunTrust, we have Anthony Hau. Please go ahead.

Anthony Hau
Analyst, SunTrust Robinson Humphrey, Inc.

Q

Thanks. Good morning, everyone. What's the cap rate do you expect for the assets you're selling this year?

Andrew M. Alexander
President & Chief Executive Officer, Weingarten Realty Investors

A

I would say generally in the middle 7s, possibly drifting up to the higher 7s. Again in any given quarter, things can move around a lot. We do have some smaller properties that'll be lower. We also have some unimproved land, which if you factor that in it's much better but middle 7s.

Anthony Hau
Analyst, SunTrust Robinson Humphrey, Inc.

Q

Are they mostly power centers or grocery anchor?

Andrew M. Alexander
President & Chief Executive Officer, Weingarten Realty Investors

A

Much more weighted towards the pure power centers. But every now and again, there's a supermarket-anchored center that we think it makes sense to sell. But more weighted to the power centers and to the continued honing of the geography that we've talked about for some years. So, like the Kentucky assets that we sold, we're both supermarket anchored. The Kentucky assets were really good assets for us. But as a public company, we're never going to have an office in Kentucky, we're never going to have a big presence there. It's just something in terms of what those properties are worth to savvy buyers with local knowledge is more than those properties are going to be worth as part of a large public company.

Anthony Hau
Analyst, SunTrust Robinson Humphrey, Inc.

Q

Got it. In your previous investor presentation, you guys highlighted Market at Town Center as one of the top 12 centers in the portfolio. Can you talk about the rationale behind selling the assets, and it would be great if you can provide the cap rate as well as sense it is a very important comp.

Andrew M. Alexander
President & Chief Executive Officer, Weingarten Realty Investors

A

So, generally speaking, the cap rate in that was lower than what I talked about. So, it has been widely reported in a lot of fixes in different media reports. It's, again, another arbitrage opportunity that we had tremendous interest in that project from a number of different sources. The project was in a broad area that was flooded by hurricane or tropical storm Harvey. The center was not.

We had the person who was interested before Harvey bow out. We went to the second place person again with strong interest, and we were able to sell something that we thought was at a very attractive price. That was a power center, had a number of tenants who are on the watchlist. Folks that were concerned about. Selling that center increased our supermarket percentage since it was a pure power center, decreased our exposure to Houston which we're comfortable with. We think Houston is a great city, but in terms of how we're perceived in the market, a little bit less exposure to Houston, in Texas, we saw is desirable. It further meant that a much higher percentage of what we own in Houston is in close proximity within 5 or 6 miles of the Galleria, it's now about 60% of our Houston property.

So, again, great pricing. We're moving a lot of watchlist tenants, increasing supermarket exposure, decreasing power, decreasing Houston, Texas, while increasing. All those things went into the decision to sell that center. And it's a great center, we love it, very proud of it, it was a big center. But, again, it's about taking advantage of the difference between where the stock price is and where the underlying NAV is. And if we can do that in a power center, it made a lot of sense to us to do that.

Anthony Hau
Analyst, SunTrust Robinson Humphrey, Inc.

Q

All right. And just last one for me. Is this the last round of outsized asset sale? Should we expect another round next year?

Andrew M. Alexander
President & Chief Executive Officer, Weingarten Realty Investors

A

I think that's something we again will have to see. It's a function of where the stock price is, where the growth opportunities are, what the discount is to NAV. So, again, it's a very hard thing to forecast. We are, generally speaking, selling the lower tier of the portfolio. And if we can do that at very, very close to NAV when the overall stocks had a big discount to NAV, we just have to believe that's the right long-term thing.

So, as Johnny said, we acknowledge there're some headwinds in the industry, but our results are quite good and we don't see things as bad from an operations standpoint as some of the media reports. Despite depending which NAV you use, but with anybody's NAV and stocks at a discount to market and if we can take advantage of that arbitrage, it seems to us to be the right long-term thing.

Anthony Hau
Analyst, SunTrust Robinson Humphrey, Inc.

Q

Okay. Thank you.

Operator: From Jefferies, we have George Hoglund. Please go ahead.

George Andrew Hoglund
Analyst, Jefferies LLC

Q

Yeah. Hi. Good morning. Just a question on the two Winn Dixie anchored centers, any preliminary discussions or potential outcomes for those centers that need to be re-tenanted?

Johnny L. Hendrix
Chief Operating Officer & Executive Vice President, Weingarten Realty Investors

A

Hey. Good morning, George. This is Johnny. So, we have three stores with Southeastern Grocers, two in Dixie's and one Fresco y Mas. All of those are in southern Florida. And we are honestly very excited if we could get any of them back. The rents on those stores range from $7 to $5.40. There's more than 20 years left on each of them, flat. So, no rent increases for 20 years. So, we would be willing to take those back immediately.

We've had some discussions with those folks and we'll have to see. We've also had discussions with potential replacement tenant. So, this we would see as a huge opportunity for creating value for the shareholders over the next couple of years.

George Andrew Hoglund
Analyst, Jefferies LLC

Q

Okay. And then just one thing to clarify. Hypothetically, if they did file, would Fresco y Mas would that be filed as well? Will that fall under the same umbrella?

Johnny L. Hendrix
Chief Operating Officer & Executive Vice President, Weingarten Realty Investors

A

Yes. It's my understanding that they're all fall within the Southeastern Grocers umbrella company. Fresco y Mas was formerly a Winn Dixie store that was converted. Winn Dixie leasing company is actually our tenant on all three.

George Andrew Hoglund
Analyst, Jefferies LLC

Q

Okay. Thanks. And then just on Toys "R" Us, I guess, you said they're going to close two, and then there's, I think, two remaining. Has there been any discussions about them increasing the amount of stores they're going to close, and then do you think those two remaining could be part of that additional closures?

Johnny L. Hendrix
Chief Operating Officer & Executive Vice President, Weingarten Realty Investors

A

George, this seems to be pretty fluid. I think it was about 15 hours ago that The Wall Street Journal reported that they were going to maybe close an additional 200. We frankly have not talked with Toys "R" Us since then. The information we have, we thought was pretty fresh. I don't know is the answer. We've had discussions about the other locations. One of them is Palms, and I don't remember their rent exactly, but it's around $4. And we would take that back, they're freestanding building in front of the shopping center. The other one is here in Houston and we've had some discussions with them about that store. So, as of yesterday, we believe they were going to keep it.

George Andrew Hoglund
Analyst, Jefferies LLC

Q

Okay. Thanks. I appreciate the color.

Operator: From UBS, we have Nick Yulico. Please go ahead.

Greg McGinniss
Analyst, UBS Securities LLC

Q

Hi. This is Greg McGinniss on for Nick. I was hoping you could elaborate on details with same-store NOI growth. I'm just curious how much that growth is from closing the occupancy gap versus releasing spread?

Stephen C. Richter
Chief Financial Officer & Executive Vice President, Weingarten Realty Investors

A

Well, this is Steve. Let me start out by acknowledging in the prepared remarks we talked about $1.4 million that's built into same-store NOI growth is included, that is for the toys closures that we know of at this day given what Johnny just reported on the new information as well as the Payless store. So that part is built in to same-store NOI.

I would say just generally overall with bad debt, when you think about at least the way that we think about it, bad debt comes from two different sources. It comes from obviously writing off receivables that we have for rent that has already been recognized as well as we budget each space individually, and we have fallout that's built in that effectively as bad debt as well. Quite frankly, the $1.4 million for toys is included in that.

So, we have built, in addition, to what we specifically identified for toys and so forth is we have built in other bad debt into our numbers. So, we feel very comfortable with our guidance and where we are with bad debt both in same-store and corporately our total FFO on where we are. And I guess I'd only mentioned short of some big bankruptcy activity. We're very comfortable.

Greg McGinniss
Analyst, UBS Securities LLC
Q

...and trying to get...

Stephen C. Richter
Chief Financial Officer & Executive Vice President, Weingarten Realty Investors
A

I think it's to rent growth versus leases commencing that the majority of the growth in same property NOI would be coming from leases commencing. As Johnny talks about the big amount, 290 basis points of leases that are signed but not yet commenced that will commence throughout 2018.

Greg McGinniss
Analyst, UBS Securities LLC
Q

Okay. Thank you.

Johnny L. Hendrix
Chief Operating Officer & Executive Vice President, Weingarten Realty Investors
A

It's Johnny. We have about 750,000 square feet of space that is signed and not commenced. About half of that we think is going to commence during the first half of the year and then half in the second half of the year. So, you'll really get a multiplier effect as you move toward the third quarter.

Greg McGinniss
Analyst, UBS Securities LLC
Q

Thanks for the color. I really appreciate it. And then on the development side, I know stabilization dates were pushed back on a couple developments and costs went up on West Alex. I'm just hoping you could elaborate on what happened with development and if there's any further risk to development yield?

Andrew M. Alexander
President & Chief Executive Officer, Weingarten Realty Investors
A

This is Drew. Good morning. We hope we have taken a very conservative approach and handled all the contingencies. So, yes, there were some changes at West Alex, which I tried to cover briefly in my prepared remarks. The project is a mixed-use project and it appears to us, at this time, that rather than selling off an area to an office building developer, it would be better for the project long-term to sell off to a senior living developer as we've a lot more interest from a lot more people.

So, we reached out to the city. The city is fine with that on a preliminary basis. But in that part of the world, the zoning will still take a long time. So, we have allowed for that and when we think we're going to stabilize, finish the project in the second half of 2022. Another way to look at it would be we could sort of pre-stabilize it, because we will have rent coming on sooner from a lot of the other different parts. The Harris Teeter store is expected to open the end to 2021. The apartments will start leasing in 2020. So, again, we've taken a very conservative view that we think we'll handle it and we think while it'll take some time and a little bit of zoning work make for a much better project in the long run.

Greg McGinniss
Analyst, UBS Securities LLC

Q

Great. Thank you for your time.

Operator: From JPMorgan, we have Michael Mueller. Please go ahead.

Michael W. Mueller
Analyst, JPMorgan Securities LLC

Q

Yeah. Hi. I guess, in looking at the shopping and the lease spreads section, it looks like the average rate of what was rolling this year or this year in 2017 was about $17. Looking out to 2018, I guess, the expiring rate moves up into the mid-2019. And two questions. One, is there anything geographically that's kind of driving that increase; and then two, do think you'll be able to maintain the spreads you've been getting?

Johnny L. Hendrix
Chief Operating Officer & Executive Vice President, Weingarten Realty Investors

A

Hey, Michael. This is Johnny. Good morning. Now, I don't see there's anything geographically. As to spreads, a lot of it depends on the timing of some of these things in kind of individual circumstances. I think that the spreads will be close to what they were in 2016. Certainly, I don't think there's any question that retailers have some amount of leverage today and that will put some pressure on those leasing spreads.

Michael W. Mueller
Analyst, JPMorgan Securities LLC

Q

Close to what they were in 2016 or 2017?

Johnny L. Hendrix
Chief Operating Officer & Executive Vice President, Weingarten Realty Investors

A

2017. I'm sorry, yeah.

Michael W. Mueller
Analyst, JPMorgan Securities LLC

Q

2017. Okay. Okay. That's all I had. Thank you.

Johnny L. Hendrix
Chief Operating Officer & Executive Vice President, Weingarten Realty Investors

A

Thanks.

Operator: [Operator Instructions] From Boenning we have Floris van Dijkum. Please go ahead.

Floris van Dijkum
Analyst, Boenning & Scattergood, Inc.

Q

Good morning, guys. Could you remind us, is it $200 million of share buyback authority that you have?

Andrew M. Alexander
President & Chief Executive Officer, Weingarten Realty Investors

A

Good morning, Floris. It's Drew. Yes, that's the authority that the board reaffirmed yesterday. Yes.

Floris van Dijkum
Analyst, Boenning & Scattergood, Inc.

Q

Great. So, if you say you want to do things on a leverage neutral basis and you've got call at the high end of the range $450 million of dispositions, and you've got $230 million of redevelopments and a potential another $125 million of special dividend, if it's similar to last year that gives you around $100 million of buyback if you want to do it. And is that the right way to think about the buyback amount for 2018?

Andrew M. Alexander
President & Chief Executive Officer, Weingarten Realty Investors

A

So, in broad-brush terms, I'm going to say that's not the wrong way to look at it. I think it is fair to say it'd be very unlikely that we use the entire $200 million. But there're a lot of different assumptions in there that could go different ways in terms of where we end up on dispositions. What we see in terms of other opportunities that are good, what the stock price does, et cetera. But if your general question was, Drew, do you think you'll use the entire $200 million, I would say, no. I don't think we will.

Floris van Dijkum
Analyst, Boenning & Scattergood, Inc.

Q

Okay. Great. Yeah. That's sort of what I was trying to get at making sure that we got the math right, but thanks. I appreciate that. That's it for me.

Operator: We have no further questions at this time. Drew, I'll turn it back to you for closing remarks.

Andrew M. Alexander
President & Chief Executive Officer, Weingarten Realty Investors

Well, thank you, Brandon. Thanks so much, everybody for your interest in the company. We'll be around if there's other questions. We look forward to seeing some of you at the upcoming conferences over the next few weeks. And thank you so much for your interest in Weingarten. Have a great day.

Operator: Thank you. And ladies and gentlemen, this concludes today's conference. Thank you for joining. You may now disconnect.