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Macerich Co. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Thank you. [Operator Instructions]. And we will take our first question from Christine Mcelroy with Banc Of America Securities. Please go ahead.

Christine Mcelroy - Banc Of America Securities

Hey, good morning or good afternoon guys. Can you comment on what you are anticipating in terms of Mervyn's store closings in the portfolio going forward and I know that you had plan to sell some of the boxes that weren't in your centers. How would your plans change at this point, if at all?

Arthur M. Coppola - President and Chief Executive Officer

They really haven't changed. Our Mervyn's investment was a purely a real estate investment and at this point in time we feel very comfortable with that. And we will see how things go with them, but we don't anticipate any major changes there.

Thomas E. O'Hern - Executive Vice President, Chief Financial Officer and Treasurer

Christy, at this point in time we have no knowledge of any closures of the stores we own and it will be easier to assess at that point, we do have a letter of credit that backs up those leases, those leases are also across defaulted, so it is too early to tell whether there is any economic impact as a result of their filing, but as we mentioned in the last call, we were very comfortable with the quality of the real estate and that's why we entered into that transaction at the end of last year.

Christine Mcelroy - Banc Of America Securities

Had you anticipated a potential bankruptcy when you are underwriting the purchase of the portfolio?

Thomas E. O'Hern - Executive Vice President, Chief Financial Officer and Treasurer

I wouldn't say we anticipated it, but we certainly raised that question and we consider that as a possibility and factored that into our decision. On that standpoint, there is not...we have done for years to just create value by recapturing big boxes, those rents on those spaces are between \$8 and \$9 a foot and historically we have done much better than that on our big box space.

Tony Grossi is here and Tony and his crew have gone through each and every space and considered what we would do in that space back and we are very optimistic about our ability to create value there Christy, that's what we do.

Arthur M. Coppola - President and Chief Executive Officer

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