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Developers Diversified Realty Corp. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Christine McElroy - Banc of America.

Christine McElroy - Banc of America

Can you provide some more color on what types of assets were included in the sale announced today? Would you say they're a good representation of your overall portfolio or are these more non-core assets?

Dan Hurwitz

The 13 assets as a whole represent a pretty broad spectrum of our assets by geography and even product type. I would say they are reasonably representative of the portfolio as a whole. It's not the best but wouldn't consider them non-core, they're good shopping centers.

Scott Wolstein

The best way to look at that is if we put assets in the JV those assets that we want to continue to be invested in and in this particular joint venture we have a promote structure that enables us to benefit from value creation in those assets over time. When we're dealing with non-core assets we typically don't keep them in joint ventures because we consider our joint venture partners just like our shareholders and we don't want to put any assets that we wouldn't want to own ourselves. You can always assume that when we announce a joint venture those are closer to core than non-core.

Christine McElroy - Banc of America

You mentioned that assets sales are your least expensive option for raising capital today. Can you walk through how you think about the cost of raising other types of equity capital as you look to de-lever next year?

Dan Hurwitz

I think we specifically said the retained cash flow now with the revised dividend policy that we generate is the lowest cost of capital and the most certain capital in this environment, asset sales then behind that based on where other alternatives are today. As we look at an extremely depressed stock price that implies a cap rate that is well above where we continue to execute on asset sales it seems clear that generating equity from asset sales is the more attractive option.

Christine McElroy - Banc of America

Where you are getting the \$500 million is basically the asset sales and the dividend cuts?

Dan Hurwitz

That is accurate.

Operator

Your next question comes from Steve Sakwa – Merrill Lynch.

Steve Sakwa – Merrill Lynch

When you're talking to these institutions about these JVs I guess how are their return expectations change, what are they looking for, what kind of hurdles do they want to hit in these kinds of arrangements?

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