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Developers Diversified Realty Corp. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Jay Habermann - Goldman Sachs.

Jay Habermann - Goldman Sachs

I'm here with Johann as well. Can you specifically walk through the stock sale, the other alternatives you considered. Obviously the timing at this point, given that you mentioned you have two years in terms of really being able to deal with debt here in the near term, but also referencing NAV, because again, the stock sale issuing 30.0 million shares, it doesn't really seem to put much of a dent into what's going to be coming due in 2011 and 2012.

Scott A. Wolstein

Which question do you want us to answer first? 2011 and 2012 or?

Jay Habermann - Goldman Sachs

Well, could you start first with again, the stock sale and how you arrived at the price? How this came together at this point?

Scott A. Wolstein

With respect to this transaction, this negotiation has been going on since last fall. We have had a relationship with ECE through our joint venture in Russia and through that relationship we have developed a very cordial relationship with the Otto family and this transaction has been, like I said, in the works for quite some time.

The transaction was executed at a significant premium to market, had the market been higher, the price would have been higher. But the market is what it is and we have to live in the world we live in and not the world we would like it be.

I think that we have plans to address all of our debt maturities through 2011 and 2012 but at the moment this transaction and the proceeds available to us today take us through 2010, which we think is the horizon that most companies are looking at at the moment and we think it's appropriate to deal with that today on today's call.

We certainly wouldn't have, or shouldn't have, issued enough equity in this transaction to deal with 2011 and 2012 maturities because that would have been far more dilutive and I think we were quite

fortunate to find an investor who didn't think the world was coming to an end and didn't think that you had to solve for the next four years in order to make an investment today.

Frankly, I think that kind of investor is very difficult to execute with and that's why you haven't seen any transactions of that nature and I don't think you will. We couldn't be more excited to have a strategic partner like the Otto family and we are absolutely confident that together we will be able to access whatever capital we need to deal with our debt maturities in 2010, 2011, 2012, 2013 and for the end of time.

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