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Entertainment Properties Trust, Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). And our first question comes from the line of Jordan Sadler. Jordan you may proceed.

Jordan Sadler - KeyBanc Capital Markets

Good morning.

David Brain

Good morning, Jordan.

Jordan Sadler - KeyBanc Capital Markets

I wanted to just get a sense of what is included in guidance as related to a couple of different things. First, just on the percentage rents, what is baked in for the theaters given the performance year-to-date? I know two months does not a year make, but what are you guys baking in 20% year-over-year?

David Brain

I know two years does not make a year make, Jordan, but we are pretty encouraged by the market.

Mark Peterson

We basically would be budgeted at flat. We don't want to get carried away by one month's performance, but we thought it would be prudent too just budget it at flat. It's not a huge, really percentage of our income, frankly, but we thought it prudent just to budget it as flat versus this year.

Jordan Sadler - KeyBanc Capital Markets

Just to bracket it, if it were up 20% for the full-year, I know you are not promising anything clearly, but what would that do in terms of an impact to your percentage round number?

Mark Peterson

I don't have that handy.

David Brain

Try to spend \$2 million to \$3 million bucks.

Mark Peterson

It has been bracketed about 1.7 to 2.3 roughly.

David Brain

\$500,000.

Jordan Sadler - KeyBanc Capital Markets

Well, your percentage rent would not necessarily be up just 20% if the box office were up 20%, right?

David Brain

It depends on the specific tenant. I can tell you there are not a lot of specific tenants just sitting at the brink. I meant with increases we expect out of digital and 3-D down the road, we expect that to be more meaningful. But there's not a lot of tenancy. So it's basically existing tenants that would move with the increase in box office. I don't think that would be huge, but I think it could be a few hundred thousand dollars.

Jordan Sadler - KeyBanc Capital Markets

Okay. And then on the other side of things, what's in there in terms of, I know you said \$0.14 in terms of tenant issues, but what does that relate to specifically? Is that just Circuit City and Filene's and Bannigan's, or are you baking into traditional reserves?

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