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Pennsylvania Real Estate Investment Trust Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) And our first question comes from the line of Quentin Velleley with Citigroup; please go ahead.

Quentin Velleley - Citigroup

Hi, guys. I'm just wondering, I know you said by the end of the year you might be about 65% on the debt to gross asset value. What kind of decline in NOI would be required to breach the debt to gross asset value or the minimum debt yield covenant in the near term?

Bob McCadden

Well, the NOI is capitalized at 7.5% to be term in gross asset value. So I don't have the numbers off the top of my head, but you could probably do a computation based on the information we provided to you.

Quentin Velleley - Citigroup

Sure and with the debt yield is that a quarterly yield or is that the last 12 months?

Bob McCadden

That's a trailing 12 months.

Quentin Velleley - Citigroup

Just with your same store NOI which is down more than 6%, I think your guidance was a decline of 1% to 3%; are you assuming in guidance that you have quite a bit of lease up of that vacant space? I'm just wondering if you can reconcile the difference.

Bob McCadden

It's a combination of a number of things. Obviously, as Joe mentioned, the grand opening of the four lifestyle tenants at Plymouth Meeting tomorrow morning. We opened at the very end of March much of the Cherry Hill redevelopment, so we didn't really have any benefit in the first quarter, of additional GLA that is, in effect programmed in and subject to existing lease commitments.

So that's really the basis for our view that we'll continue to see improvement in our same store NOI as the year progresses and we also have the balance of Voorhees Town Center schedules over the next

half of this year and into 2010. So we have other existing commitments as well as the additional deals that Ed talked about, backfilling some of the B. Moss vacancy.

Quentin Velleley – Citigroup

And just the last question, with the discussions that you're in for the extension of the credit facility and the term loan, I'm just wondering whether those discussions involve and preference on the lender's behalf or asset files or potential rising of equity.

Bob McCadden

At this point, we're in the early stages of those discussions.

Quentin Velleley – Citigroup

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