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Macerich Co. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) The first question comes from the line of Quentin Velleley with Michael Bilerman – Citigroup.

Quentin Velleley with Michael Bilerman – Citigroup

We just wanted to firstly ask on Biltmore and Wilton which it looks like you have extended until 2026 on probably higher interest rates than what you would like. I am just wondering if you could provide a bit of data on what happened with negotiations there? Also whether there are any other mortgages that have these kinds of options in them?

Arthur Coppola

Those loans were loans that were done 10 years ago and it was not uncommon for CMBS deals of that vintage to be structured with a 30-year maturity but pre-payable after 10 years. That is what we have in those situations. It is actually a 30-year loan but it is free to be prepaid after ten and the interest rate goes up after 10. So in those cases the interest rate has gone up or will go up at the 10-year anniversary and that is our motivation to get them prepaid or refinanced but the maturity is actually 2029. It was a built in structure.

Quentin Velleley with Michael Bilerman – Citigroup

But you do have the option to refinance them at lower rates?

Arthur Coppola

Yes absolutely.

Quentin Velleley with Michael Bilerman – Citigroup

I just wanted to click across to the Mervyn's NOI impact. I know on the last call you said there was \$0.25 of potential impact for the full year of 2009. I'm just wondering if you have the numbers in terms of how much of that was weighted in the first quarter?

Tom O'Hern

It is really ratable. It is \$0.25 through the balance of the year and it is roughly \$0.06 a quarter.

Quentin Velleley with Michael Bilerman – Citigroup

So it is an even impact?

Tom O'Hern

Yes. We are assuming in our assumptions in our guidance that we do not have any new leasing of any Mervyn's boxes that currently we have not made deals with people like Forever 21 and Kohl's with. Anything we do with those vacant boxes and there is plenty of activity on those vacant boxes will be up side to guidance.

Quentin Velleley with Michael Bilerman – Citigroup

Can you just walk through; it is helpful to go through your sources and uses. Can you talk a little bit about you talked about the \$500 million being a plug in terms of being able to have nothing drawn on the line of credit and repaying the convert to the excess cash? I assume none of that assumes a continued buyback of the converts at a discount? Then, how does it also play into you have development spend that is remaining of about 305 and have you taken into account the excess proceeds that you have targeted in terms of the refinancing remaining in 2009 and in 2010?

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