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Health Care REIT, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

The question and answer session will be conducted electronically. [Operator Instructions]. We'll take our first question from Rich Anderson, BMO Capital Markets.

RichardC. Anderson - BMO Capital Markets

Hey, good morning everybody.

George L. Chapman - Chairman and Chief Executive Officer

Goodmorning.

Raymond W. Braun - President

Hey Rich.

RichardC. Anderson - BMO Capital Markets

Scott, you mentioned in guidance and Q2 strength tweaking up guidance for the full year. When you say 2Q strength, you mean the investment activities exceeded your expectations, is that what drove the guidance?

Scott A. Estes - Senior Vice President and Chief Financial Officer

I think it's a little bit I think timing. It's a minor adjustment, but we obviously had a good quarter and continue to see the benefit of lower costs on our line. And I think it's really just an issue of timing. We obviously... I think we gave you all the details to put together your estimates. But I think I'd just leave it at that.

RichardC. Anderson - BMO Capital Markets

Okay. I think George, you said that 80% or more of your dispositions would be standalone facilities, is that correct?

George L. Chapman - Chairman and Chief Executive Officer

Yes, Rich, especially if we can get the kind of pricing that we've been seeing...

RichardC. Anderson - BMO Capital Markets

But that's throughout, ILF, assisted living, skilled nursing, anything sort of standalone.

George L. Chapman - Chairman and Chief Executive Officer

Right. Our general direction is to move toward more combination facilities, but we frankly still like our standalones. It's just that we are able to get some pretty good pricing at a time when it probably makes sense to enhance our cash with some dispositions.

RichardC. Anderson - BMO Capital Markets

Okay. So right now, standalone accounts for 32% of the portfolio. Would you be able to say what you think that number will be two, three years from now?

George L. Chapman - Chairman and Chief Executive Officer

20% to 25% probably.

RichardC. Anderson - BMO Capital Markets

20% to 25%. Okay. In terms of the investment process being accretive to you, can you talk about financing and what is different about the financing environment even for you guys and also your cost of equity that gets you to a point where you can make positive spread investing?

George L. Chapman - Chairman and Chief Executive Officer

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