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Care Investment Trust Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Jerry Doctrow - Stifel Nicolaus.

Jerry Doctrow - Stifel Nicolaus

I guess a couple of things. One, just prospects for continuing to sell loans to CIT, just based on their financial situation was going on in the markets?

Scott Kellman

We've done one, and the Board will determine on a going forward basis Jerry, whether we do more, but the drivers of that decision will be market circumstances and I think in evaluation of Care's liquidity position, which of course will be significantly impacted by whether these FHA programs, actually go through and whether these two borrowers in our current mortgage portfolio are able to repatriate that cash and pass off.

So, I think that the possibility and the availability of the funds are there and the question really becomes, do we need it and give in the market opportunities that we're seeing, when is the best time to execute on the put and capture that additional cash.

Jerry Doctrow - Stifel Nicolaus

Then just maybe a little bit more thinking on sort of strategy. It sounds like, you like some of the other healthcare REITs obviously just given the general uncertainty of the market, are kind of pulling back on investments.

Do you have sort of some broader comments maybe on the strategy or how you think about things? Are you looking for sort of different kind of minimum yield? Are you looking to buy assets or different mortgages? Given what you're seeing out there, assuming you've got the \$36 million which is obviously, I assume coming and then maybe the \$53 million on top of that. Do you just sit on it or what kinds of things do you look to do? What kind of yields?

Scott Kellman

Jerry, we're not going to sit on it right now because quite frankly, the areas that we're focused on in the immediate future or primarily assisted living and skilled nursing. Both areas have expanding cap rates right now that provide some compelling returns and you're starting to see the opportunity to make investments with established coverage ratios undergoing and so you can actually deploy capital today

in select circumstances and achieve a great deal of safety in addition to higher spreads than you've achieved in over the last twelve months.

So, we don't intent to sit on it, by the same token, we don't intent to order properties or put ourselves at risk. Let me give you a couple of examples; recent investment in the assisted living area such as our add-on with the Bickford group was in the 8.4% area and that cap rate is actually trending higher. We folded that into our last transaction with them and established the pricing consistent with the last one, because quite frankly, these two new assets increased our coverage's and added a margin of safety to the portfolio, but if we did more we would for a higher rate that that.

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