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Tom Middleton, Anchor:

Today we're speaking with Deborah Cafaro, chairwoman, CEO and president of Ventas Incorporated. Deborah's joining us from the floor of the New York Stock Exchange.

Deborah, thanks for coming on board.

Deborah Cafaro, CEO, Ventas:

Thank you, Tom.

Middleton:

Let's get right to it. Ventas is not exactly a household name just yet. Could you tell our viewers a little bit about what your company does in its market position?

Cafaro:

Sure, we're a healthcare real estate investment trust with a three-plus billion dollar enterprise value. We own hospitals, nursing homes and senior living assets in thirty nine states.

Middleton:

Great, and you guys are going to come out with quarterly results any time soon?

Cafaro:

We are. We're going to report fourth quarter and full-year two thousand four earnings on February twenty eighth.

Middleton:

And you've seen some of the analysts' estimates on that. Are you comfortable with what analysts are looking at?

Cafaro:

Well, we have our own guidance out of a dollar seventy eight to a dollar eighty for the full year, and we have tended to be a very reliable company and a reliable management team and we remain comfortable with that guidance.

Middleton:

Okay, well, let's talk about the environment out there. Interest rates are rising and it looks like they're going to keep going. How do you guys—what's the strategy of Ventas encountering that?

Cafaro:

That's a great question. We have a strategic growth and diversification program. We are managing the company to deliver superior risk adjusted total shareholder return by way of having a great internal growth strategy, adding assets to our base that will be accretive to our shareholders, growing our dividend to share our cash flow growth with our shareholders and continuing to provide capital to the providers of long term care in the United States and through all those mechanisms we expect to be able to continue to deliver very attractive returns to our shareholders, even in a rising interest rate environment.

Middleton:

Will Ventas feel a pinch from rising interest rates?

Cafaro:

I would say this, that we will continue growing cash flows. On the investment side we would tend to see more opportunities in a rising interest rate environment and, of course, as we provide capital to our customers and the competing class of capital arise, we would likely to be able to continue a strong acquisitions pace that keeps pace with rising interest rates.

Middleton:

Yeah, now, of course, big news from you guys recently was you sold two hospitals to Kindred Healthcare and analysts are looking for you to reinvest some of that money. Is there a particular sector that looks good to you, assisted living, medical office buildings, or skilled nursing facilities?

Cafaro:

Well, yes. We acquired about three hundred and ninety million of assets in two thousand four across all of those spaces, and we would look to continue this diversification and growth program in '05 across all of those spaces, again, independent living, assisted living, skilled nursing, medical office and the hospital space throughout the healthcare and senior living environment.

Middleton:

Interesting, and of course, when you talk healthcare, government, Medicaid, Medicare, reimbursements are such a big part of that.

Cafaro:

Yes.

Middleton:

Is there anything coming out of Washington that worries you, or is there something that you expect, that you want to hear George Bush say in his inaugural speech in case he touches on healthcare?

Cafaro:

Well, there are two important factors in our space. One is the very powerful and positive demographic trends, because we are an aging country and we expect our facilities to become more valuable as the users increase and as supply of these assets is constrained. On the other hand, a big factor for the skilled nursing and hospital spaces is Medicare and Medicaid reimbursement. Right now I think we're in a stable space for both of those reimbursement

programs and all we really want out of the government is stability and predictability in a very modest inflationary type increasing environment.

Middleton:

Sure, I think you join a lot of CEO's in that wish. Unfortunately, that's all the time we have right now. We've been speaking with Deborah Cafaro, chairwomen, CEO and president of Ventas Incorporated, who's coming to us from the floor of the New York Stock Exchange.

I'm Tom Middleton for CBS MarketWatch New York.

Cafaro:

Thank you.

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