

NATIONAL HEALTH INVESTORS INC
Form 8-K
August 06, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): August 6, 2004 (August 5, 2004)

National Health Investors, Inc.

(Exact name of Registrant as specified in its charter)

Maryland

(State or Other Jurisdiction of Incorporation)

333-41863

(Commission File No.)

62-1470956

(IRS Employer
Identification Number)

100 Vine Street, Suite 1202

Murfreesboro, TN 37130

(Address of principal executive offices, including zip code)

(615) 890-9100

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Item 5. Other Events

On August 5, 2004, National Health Investors, Inc. announced its second quarter earnings. A copy of the press release is furnished as an exhibit to this Form 8-K and is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

National Health Investors, Inc.

By: /s/ W. Andrew Adams
Name: W. Andrew Adams
Title: Chief Executive Officer

By: /s/ Donald K. Daniel
Name: Donald K. Daniel
Title: Principal Accounting Officer

Date: August 6, 2004

Exhibit Index

| Number | Exhibit |
|---------------|-------------------------------------|
| 99 | Press release, dated August 5, 2004 |

EXHIBIT 99

For Release August 5, 2004

Contact: Gerald Coggin, Sr. VP of Investor Relations

Phone: (615) 890-9100

NHI reports second quarter income

MURFREESBORO, Tenn. -- National Health Investors, Inc., (NYSE: NHI) announced income from continuing operations for the second quarter ended June 30 of \$11,008,000, or 40 cents per basic and diluted share of common stock compared to \$11,230,000, or 41 cents per basic and 40 cents per diluted share of common stock for the same period in 2003.

Funds from operations ("FFO") for the second quarter ended June 30 was \$13,567,000, or 50 cents per basic and \$13,597,000, or 49 cents per diluted share of common stock compared to \$13,542,000, or 51 cents per basic and \$13,580,000, or 50 cents per diluted share in 2003.

Income from continuing operations for the six months ended June 30, was \$24,591,000 or 89 cents per basic and 88 cents per diluted share of common stock compared to \$21,728,000 or 78 cents per basic and diluted share of common

stock for the same period in 2003.

For the six months ended June 30, FFO was \$29,583,000 or \$1.09 per basic and \$29,645,000 or \$1.09 per diluted share of common stock compared to \$26,483,000 or 99 cents per basic and \$26,562,000 or 99 cents per diluted share in 2003.

Net income for the three months and six months ended June 30, was \$11,961,000 and \$25,396,000, respectively, versus \$10,816,000 and \$22,936,000, respectively, for 2003.

For the second quarter of 2004, we sold two facilities resulting in a net gain of \$1,252,000. One facility located in Bellingham, Washington was sold at a loss of \$345,000 while the other facility located in Dawson Springs, Kentucky was sold at a gain of \$1,597,000. For the second quarter of 2004, we also wrote off 100% of the \$3,339,000 carrying value of our 1995 REMIC and recorded a recovery of \$2,246,000 from our 1993 REMIC.

National Health Investors, Inc. is a long-term health care real estate investment trust that specializes in the financing of health care real estate by first mortgage and by purchase and leaseback transactions. The common stock of the company trades on the New York Stock Exchange with the symbol NHI. Additional information including NHI's most recent press releases may be obtained on NHI's web site at www.nhinvestors.com.

Statements in this press release that are not historical facts are forward-looking statements. NHI cautions investors that any forward-looking statements made involve risks and uncertainties and are not guarantees of future performance. All forward-looking statements represent NHI's judgment as of the date of this release.

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Condensed Statements of

(in thousands, except share and per share)

| | Three Months Ended | | Six Months Ended June | |
|---|--------------------|----------|-----------------------|-----------|
| | 2004 | 2003 | 2004 | 2003 |
| Revenues: | | | | |
| Mortgage interest income | \$ 4,818 | \$ 4,705 | \$ 9,669 | \$ 10,248 |
| Rental income | 12,300 | 13,044 | 24,479 | 26,366 |
| Facility operating revenue | 20,769 | 19,833 | 41,169 | 38,954 |
| | 37,887 | 37,582 | 75,317 | 75,568 |
| Expenses: | | | | |
| Interest | 3,083 | 3,176 | 6,203 | 7,164 |
| Depreciation | 3,481 | 3,743 | 7,016 | 7,513 |
| Amortization of loan cost | 37 | 40 | 74 | 223 |
| Legal expense | 769 | 265 | 918 | 184 |
| Franchise and excise tax | 66 | 67 | 136 | 463 |
| General and administrative | 1,064 | 720 | 1,920 | 1,434 |
| Loan, remic, and security losses, net | 1,093 | --- | (896) | 1,500 |
| Facility operating expenses | 20,080 | 19,498 | 40,282 | 38,160 |
| | 29,673 | 27,509 | 55,653 | 56,641 |
| Income before non-operating income | 8,214 | 10,073 | 19,664 | 18,927 |
| Non-operating income (investment interest and other) | 2,794 | 1,157 | 4,927 | 2,801 |

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| | | | | |
|---|-------------------|------------|------------------|------------|
| Income from continuing operations | 11,008 | 11,230 | 24,591 | 21,728 |
| Discontinued operations | | | | |
| Operating loss - | (299) | (414) | (447) | (724) |
| Gain on sale of real estate | 1,252 | --- | 1,252 | 1,932 |
| | 953 | (414) | 805 | 1,208 |
| Net Income | 11,961 | 10,816 | 25,396 | 22,936 |
| Dividends to preferred | 117 | 398 | 514 | 795 |
| Net income applicable to common | \$ 11,844 | \$ 10,418 | \$ 24,882 | \$ 22,141 |
| Income from continuing operations per common share: | | | | |
| Basic | \$.40 | \$.41 | \$.89 | \$.78 |
| Diluted | \$.40 | \$.40 | \$.88 | \$.78 |
| Discontinued operations per | | | | |
| Basic | \$.03 | \$ (.02) | \$.03 | \$.05 |
| Diluted | \$.03 | \$ (.01) | \$.03 | \$.04 |
| Net income per common share: | | | | |
| Basic | \$.43 | \$.39 | \$.92 | \$.83 |
| Diluted | \$.43 | \$.39 | \$.91 | \$.82 |
| Funds from operations | | | | |
| Basic | \$ 13,567 | \$ 13,542 | \$ 29,583 | \$ 26,483 |
| Diluted | \$ 13,597 | \$ 13,580 | \$ 29,645 | \$ 26,562 |
| Funds from operations per | | | | |
| Basic | \$.50 | \$.51 | \$ 1.09 | \$.99 |
| Diluted | \$.49 | \$.50 | \$ 1.09 | \$.99 |
| Weighted average common shares | | | | |
| Basic | 27,267,605 | 26,720,197 | 27,021,60 | 26,704,594 |
| Diluted shares for net | 27,534,171 | 26,976,36 | 27,299,44 | 26,960,445 |
| Diluted shares for FFO | 27,534,171 | 26,976,36 | 27,299,44 | 26,960,445 |
| Dividends per common share | \$.4250 | \$.40 | \$.85 | \$.80 |

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Balance Sheet Data

(in thousands)

| | June 30 | | Decembe |
|-----------------------------|----------------|----------------|-----------|
| | | 2004 | 2003 |
| Real estate properties, net | \$ | 281,677 | \$ 289,46 |
| Mortgages receivable, net | | 143,019 | 149,89 |
| Preferred stock investments | | 38,132 | 38,132 |

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| | | |
|--------------------------------|----------------|--------|
| REMIC investments | -0- | 16,043 |
| Cash and marketable securities | 145,415 | 120,52 |
| Debt | 156,608 | 162,10 |
| Convertible debt | 1,185 | 1,351 |
| Stockholders' equity | 413,873 | 409,64 |

Reconciliation of Funds From Operations ⁽¹⁾

The following table reconciles net income applicable to common stockholders to funds from operations applicable to common stockholders:

(in thousands, except share and per share amounts)

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|-----------|------------------|-----------|
| | 2004 | 2003 | 2004 | 2003 |
| Net income | \$ 11,961 | \$ 10,816 | \$ 25,396 | \$ 22,936 |
| Dividends to preferred stockholders | (117) | (398) | (514) | (795) |
| Net income applicable to common | 11,844 | 10,418 | 24,882 | 22,141 |
| Elimination of non-cash items in net | | | | |
| Real estate depreciation | 2,972 | 3,063 | 5,941 | 6,153 |
| Real estate depreciation in operations | 3 | 61 | 12 | 121 |
| Gain on sale of real estate | (1,252) | --- | (1,252) | (1,932) |
| Basic funds from operations common stockholders | 13,567 | 13,542 | 29,583 | 26,483 |
| Interest on convertible subordinated | 30 | 38 | 62 | 79 |
| Diluted funds from operations common stockholders | \$ 13,597 | \$ 13,580 | \$ 29,645 | \$ 26,562 |
| Basic funds from operations per | \$.50 | \$.51 | \$ 1.09 | \$.99 |
| Diluted funds from operations per | \$.49 | \$.50 | \$ 1.09 | \$.99 |
| Shares for basic funds from | 27,267,60 | 26,720,1 | 27,021,60 | 26,704,5 |
| Shares for diluted funds from operations | 27,534,17 | 26,976,3 | 27,299,44 | 26,960,4 |

(1) Management believes that funds from operations is an important supplemental measure of operating performance for a real estate investment trust. Because the historical cost accounting convention used for real estate assets requires straight-line depreciation (except on land), such accounting presentation implies that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen and fallen with market conditions, presentations of operating results for a real estate investment trust that use historical cost accounting for depreciation could be less informative, and should be supplemented with a measure such as FFO. The term FFO was designed by the real estate investment trust industry to address this issue. Our measure may not be comparable to similarly titled measures used by other REITs. Consequently, our funds from operations may not provide a meaningful measure of our performance as compared to that of other REITs. Since other REITs may not use our definition of FFO, caution should be exercised when comparing our

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Company's FFO to that of other REITs. Funds from operations in and of itself does not represent cash generated from operating activities in accordance with GAAP (funds from operations does not include changes in operating assets and liabilities) and therefore should not be considered an alternative to net earnings as an indication of operating performance, or to net cash flow from operating activities as determined by GAAP in the United States, as a measure of liquidity and is not necessarily indicative of cash available to fund cash needs.

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National Health Investors, Inc. Portfolio Summary June 30, 2004

| Portfolio Statistics | | | |
|-----------------------------|------------|----------------|-----------------------|
| | Properties | Investment | Investment Percentage |
| Equity Ownership | 92 | \$ 281,677,000 | 66% |
| Mortgage Loan Receivables | 70 | 143,019,000 | 34% |
| Total Real Estate Portfolio | 162 | \$ 424,696,000 | 100% |
| Equity Ownership | | | |
| | Properties | Beds | Investments |
| Nursing Homes | 66 | 8,950 | \$ 180,120,000 |
| Assisted Living | 16 | 1,438 | 71,602,000 |
| Medical Office Buildings | 4 | 124,427 sq.ft. | 11,098,000 |
| Retirement Homes | 5 | 426 | 11,057,000 |
| Hospitals | 1 | 55 | 7,800,000 |
| | 92 | | \$ 281,677,000 |
| Mortgage Loan Receivables | | | |
| | Properties | Beds | Investments |
| Nursing Homes | 51 | 5,585 | \$ 130,750,000 |
| Assisted Living | 1 | 90 | 5,634,000 |
| Retirement Homes | 1 | 60 | 2,125,000 |
| Developmentally Disabled | 17 | 108 | 4,510,000 |
| | 70 | | \$ 143,019,000 |
| REMIC II Investment | - | 2,313 | - |
| Total Mortgage Portfolio | 70 | | \$ 143,019,000 |

Summary of Facilities By Type:

| | Properties | Percentage of Total Dollars | Total Dollars |
|--------------------------|------------|-----------------------------|----------------|
| Nursing Homes | 117 | 73.20% | \$ 310,870,000 |
| Assisted Living | 17 | 18.19% | 77,236,000 |
| Medical Office Buildings | 4 | 2.61% | 11,098,000 |
| Retirement Homes | 6 | 3.10% | 13,182,000 |

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| | | | |
|--------------------------|-----|---------|----------------|
| Hospitals | 1 | 1.84% | 7,800,000 |
| Developmentally Disabled | 17 | 1.06% | 4,510,000 |
| | 162 | 100.00% | \$ 424,696,000 |

Portfolio by Operator Type

| | # of Properties | Percentage of Total Dollars | Total Dollars |
|---------------------------------|--------------------|-------------------------------------|------------------|
| Public | 72 | 29.16% | \$ 123,821,000 |
| Regional | 84 | 67.88% | 288,300,000 |
| Small Operator | 6 | 2.96% | 12,575,000 |
| | 162 | 100.00% | \$ 424,696,000 |
| | | Percentage Of Total Portfolio | Dollar Amount |
| OPERATOR | | | |
| National HealthCare Corp. | | 13.41% | \$ 56,935,000 |
| National Health Investors, Inc. | | 4.77% | 20,255,000 |
| Community Health Systems, Inc. | | 3.38% | 14,368,000 |
| Sunrise Senior Living Services | | 3.28% | 13,921,000 |
| Sun Healthcare | | 2.19% | 9,302,000 |
| HCA-The Healthcare Company | | 1.07% | 4,530,000 |
| Res-Care, Inc. | | 1.06% | 4,510,000 |
| | | 29.16% | \$ 123,821,000 |

- more -

Summary of Facilities by State - June 30, 2004

| | | LTC | Acute Care | MOB | Dev. Disab. | Asst. Living | Retire- Ment | Total | Current Amount | Percent of Total Portfolio |
|----|---------------|-----|---------------|-----|----------------|-----------------|-----------------|-------|-------------------|----------------------------------|
| 1 | Florida | 19 | | 1 | 14 | 6 | | 40 | \$112,964,000 | 26.60% |
| 2 | Texas | 27 | | 2 | | 1 | 1 | 31 | 93,648,000 | 22.05% |
| 3 | Tennessee | 21 | | | 3 | 3 | 2 | 29 | 38,332,000 | 9.03% |
| 4 | Missouri | 9 | | | | | 1 | 10 | 27,085,000 | 6.38% |
| 5 | New Jersey | 2 | | | | 1 | | 3 | 26,455,000 | 6.23% |
| 6 | Arizona | 1 | | | | 4 | | 5 | 19,289,000 | 4.54% |
| 7 | Virginia | 7 | | | | | | 7 | 18,889,000 | 4.45% |
| 8 | Georgia | 7 | | | | | | 7 | 17,040,000 | 4.01% |
| 9 | New Hampshire | 3 | | | | | 1 | 4 | 16,336,000 | 3.85% |
| 10 | Massachusetts | 4 | | | | | | 4 | 11,973,000 | 2.82% |

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| | | | | | | | | | | |
|----|----------------|-----|---|---|----|----|---|------------|---------------|---------|
| 11 | Kansas | 7 | | | | | 7 | 11,646,000 | 2.74% | |
| 12 | Kentucky | 3 | 1 | | | | 4 | 9,546,000 | 2.25% | |
| 13 | South Carolina | 3 | | | 1 | | 4 | 8,423,000 | 1.98% | |
| 14 | Idaho | 1 | | | | 1 | 2 | 5,624,000 | 1.32% | |
| 15 | Alabama | 2 | | | | | 2 | 2,417,000 | 0.57% | |
| 16 | North Carolina | 0 | | | 1 | | 1 | 1,979,000 | 0.47% | |
| 17 | Illinois | 0 | 1 | | | | 1 | 1,609,000 | 0.38% | |
| 18 | Wisconsin | 1 | | | | | 1 | 1,441,000 | 0.33% | |
| | | 117 | 1 | 4 | 17 | 17 | 6 | 162 | \$424,696,000 | 100.00% |