

NATIONAL HEALTH INVESTORS INC  
Form 8-K  
April 25, 2003

**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): April 25, 2003 (April 24, 2003)

**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 12. Results of Operations and Financial Condition**

On April 24, 2003, National Health Investors, Inc. made its first quarter earnings announcement. 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: April 25, 2003

Exhibit Index

**Number**

99

**Exhibit**

Press release, dated April 24, 2003.

EXHIBIT 99

For Release: April 24, 2003

Contact: Gerald Coggin VP and Dir. of Investor Relations

Phone: (615) 890-9100

## NHI reports first quarter results

MURFREESBORO, Tenn. -- National Health Investors, Inc., (NYSE: NHI and NHIPr) announced funds from operations, FFO, for the first quarter ended March 31, 2003 of \$13,679,000, or 51 cents per diluted share of common stock compared to \$10,904,000 or 41 cents per diluted share of common stock. FFO for the first quarter of 2003 excludes a \$1,932,000 or seven cents per diluted share of common stock gain on the sale of real estate.

Net income applicable to common stock for the first quarter ended March 31, 2003 was \$11,723,000 or 44 cents per diluted share of common stock compared to \$7,240,000 or 27 cents per diluted share of common stock for the same period in 2002. The improvement in net income for the quarter was primarily due to increased rental income, reduced interest and loan loss expense, and a gain on sale of real estate of \$1,932,000.

During the first quarter, NHI sold the Women's and Children's Medical Office Building in Lafayette, Louisiana for proceeds of \$4,045,000, resulting in a \$1,932,000 gain. A loan loss of \$1,500,000 relates to a decline in value of a loan to an assisted living facility in Tavares, Florida.

"In addition to the highlights described above, on March 31, we redeemed \$39,917,000 of our 7% convertible debentures due February 1, 2004," said President Andy Adams. "As a result, our debt to capitalization ratio at quarter end declined to 29.5%, the lowest level in our 12 year history."

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NHI specializes in the financing of health care real estate by first mortgage and by purchase and leaseback transactions. The common and preferred stocks of the company trade on the New York Stock Exchange with the symbols NHI and NHIPr respectively. Additional information including NHI's most recent press releases may be obtained on our web site at [www.nhinvestors.com](http://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 Income**

(in thousands except share and per share amounts)

|  | Three Months Ended March 31 |                  |
|--|-----------------------------|------------------|
|  | 2003                        | 2002             |
| <b>Revenues:</b>                       |                             |                  |
| Mortgage interest income               | \$ 5,543                    | \$ 5,779         |
| Rental income                          | 13,357                      | 11,990           |
| Facility operating revenues            | 22,619                      | 20,922           |
| Investment interest and other          | 1,644                       | 1,239            |
|  | \$ <u>43,163</u>            | \$ <u>39,930</u> |
| <b>Expenses:</b>                       |                             |                  |
| Interest                               | \$ 3,988                    | \$ 4,613         |
| Depreciation of real estate            | 3,888                       | 3,987            |
| Amortization of loan costs             | 183                         | 94               |
| Facility operating expenses            | 22,388                      | 21,082           |
| Loan loss expense                      | 1,500                       | 2,500            |
| Legal expense                          | (81)                        | 136              |
| Franchise and excise tax               | 396                         | 64               |
| General and administrative             | 713                         | 140              |
|  | \$ 32,975                   | \$ 32,616        |
| Income From Continuing Operations      | \$ 10,188                   | \$ 7,314         |
| Discontinued Operations                |                             |                  |
| Operating Income - discontinued        | ---                         | 323              |
| Net gain on sale of real estate        | 1,932                       | ---              |
|  | \$ 1,932                    | \$ 323           |
| Net Income                             | \$ 12,120                   | \$ 7,637         |
| Dividends to preferred stockholders    | 397                         | 397              |
| Net income applicable to common stock  | \$ <u>11,723</u>            | \$ <u>7,240</u>  |
| Net income per common share:           |                             |                  |
| Basic                                  | \$ .44                      | \$ .28           |
| Diluted                                | \$ .44                      | \$ .27           |
| Funds from operations                  |                             |                  |
| Basic                                  | \$ 13,679                   | \$ 10,904        |
| Diluted                                | \$ 13,717                   | \$ 11,036        |
| Funds from operations per common share |                             |                  |

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|         |    |     |    |     |
|---------|----|-----|----|-----|
| Basic   | \$ | .51 | \$ | .42 |
| Diluted | \$ | .51 | \$ | .41 |

Weighted average common shares

|                                 |    |                   |    |            |
|---------------------------------|----|-------------------|----|------------|
| Basic                           |    | <b>26,688,984</b> |    | 26,072,872 |
| Diluted                         |    | <b>26,944,523</b> |    | 26,902,501 |
| Diluted Shares for FFO purposes |    | <b>26,944,523</b> |    | 26,902,501 |
| Dividends per common share      | \$ | .40               | \$ | .35        |

Balance Sheet Data

| <i>(in thousands)</i>          |    | <b>March 31</b> |    | <b>December 31</b> |
|--------------------------------|----|-----------------|----|--------------------|
|                                |    | <b>2003</b>     |    | <b>2002</b>        |
| Real estate properties, net    | \$ | <b>311,703</b>  | \$ | 304,394            |
| Mortgages receivable, net      |    | <b>180,555</b>  |    | 201,236            |
| Preferred stock investment     |    | <b>38,132</b>   |    | 38,132             |
| REMIC investments              |    | <b>36,366</b>   |    | 36,366             |
| Cash and marketable securities |    | <b>31,939</b>   |    | 58,825             |
| Debt                           |    | <b>166,606</b>  |    | 161,763            |
| Convertible debt               |    | <b>1,571</b>    |    | 41,633             |
| Stockholders' equity           |    | <b>401,320</b>  |    | 400,429            |

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Reconciliation of Funds From Operations <sup>(1)</sup>

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

|   | Three Months Ended March 31 |               |
|---|-----------------------------|---------------|
|   | 2003                        | 2002          |
| Net income applicable to common stockholders                  | \$ 11,723,000               | \$ 7,240,000  |
| Adjustments:  |                             |               |
| Real estate depreciation                                      | 3,888,000                   | 3,987,000     |
| Other Items:  |                             |               |
| Discontinued operations:                                      |                             |               |
| Operating Income - discontinued                               | ---                         | (323,000)     |
| Gain on sale of real estate                                   | (1,932,000)                 | ---           |
| Basic funds from operations applicable to common stockholders | \$ 13,679,000               | \$ 10,904,000 |

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|   |               |    |            |
|---|---------------|----|------------|
| Interest on convertible subordinated debentures                 | 38,000        |    | 132,000    |
| Diluted funds from operations applicable to common stockholders | \$ 13,717,000 | \$ | 11,036,000 |
| Basic funds from operations per share                           | \$ .51        | \$ | .42        |
| Diluted funds from operations per share                         | \$ .51        | \$ | .41        |
| Shares for basic funds from operations per share                | 26,688,984    |    | 26,072,872 |
| Shares for diluted funds from operations per share              | 26,944,523    |    | 26,902,501 |

<sup>(1)</sup>We believe that funds from operations is an important supplemental measure of operating performance. We, therefore, disclose funds from operations, although it is a measurement that is not defined by accounting principles generally accepted in the United States. We generally use the National Association of Real Estate Investment Trusts (NAREIT) measure of funds from operations. We define funds from operations as income before extraordinary items adjusted for certain non-cash items, primarily real estate depreciation, less gains/losses on sales of facilities. 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. Funds from operations does not represent cash generated from operating activities as defined by accounting principles generally accepted in the United States (funds from operations does not include changes in operating assets and liabilities) and, therefore, should not be considered as an alternative to net income as the primary indicator of operating performance or to cash flow as a measure of liquidity.

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### National Health Investors, Inc. Portfolio Summary March 31, 2003

| Portfolio Summary           | Properties | Investment  | Investment<br>Percentage |
|-----------------------------|------------|-------------|--------------------------|
| Mortgage Loan Receivables   | 88         | 211,609,000 | 40%                      |
| Equity Ownership            | 96         | 311,703,000 | 60%                      |
| Total Real Estate Portfolio | 184        | 523,312,000 | 100%                     |

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| Equity Ownership         | Properties | Beds           |    | Investments |
|--------------------------|------------|----------------|----|-------------|
| Nursing Homes            | 70         | 9,396          | \$ | 200,138,000 |
| Assisted Living          | 16         | 1,350          |    | 79,764,000  |
| Retirement Homes         | 5          | 471            |    | 11,823,000  |
| Medical Office Buildings | 4          | 124,427 sq.ft. |    | 11,717,000  |
| Hospitals                | 1          | 55             |    | 8,261,000   |
|                          | 96         |                | \$ | 311,703,000 |

| Mortgage Loan Receivables | Properties | Beds  |    | Investments |
|---------------------------|------------|-------|----|-------------|
| Nursing Homes             | 53         | 5,872 | \$ | 157,262,000 |
| Retirement Homes          | 2          | 150   |    | 7,110,000   |
| Assisted Living           | 2          | 156   |    | 6,263,000   |
| Developmentally Disabled  | 17         | 108   |    | 4,608,000   |
|                           | 74         |       | \$ | 175,243,000 |
| Remic                     | 14         | 1,971 |    | 30,020,000  |
| Remic II Investment       |            | 2,313 |    | 6,346,000   |
| Total Mortgage Portfolio  | 88         |       | \$ | 211,609,000 |

Summary of Facilities by Type:

|                          | Properties | Percentage of<br>Total Dollars |    | Total<br>Dollars |
|--------------------------|------------|--------------------------------|----|------------------|
| Nursing Homes            | 137        | 75.24%                         | \$ | 393,766,000      |
| Assisted Living          | 18         | 16.44%                         |    | 86,027,000       |
| Retirement Homes         | 7          | 3.62%                          |    | 18,933,000       |
| Medical Office Buildings | 4          | 2.24%                          |    | 11,717,000       |
| Hospitals                | 1          | 1.58%                          |    | 8,261,000        |
| Developmentally Disabled | 17         | 0.88%                          |    | 4,608,000        |
|                          | 184        | 100.00%                        | \$ | 523,312,000      |

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Portfolio by Operator Type:

| # of<br>Properties | Percent of<br>Total Dollars | Total<br>Dollars |
|--------------------|-----------------------------|------------------|
|--------------------|-----------------------------|------------------|

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|          |     |         |    |             |
|----------|-----|---------|----|-------------|
| Public   | 104 | 52.43%  | \$ | 274,365,000 |
| Regional | 66  | 38.92%  |    | 203,665,000 |
| Small    | 14  | 8.65%   |    | 45,282,000  |
|          | 184 | 100.00% | \$ | 523,312,000 |

| Public Operators:                      | Percentage<br>of<br>Portfolio |    | Dollar<br>Amount |
|--|-------------------------------|----|------------------|
| National HealthCare Corp.              | 12.17%                        | \$ | 63,672,000       |
| Marriott Senior Living Services        | 8.64%                         |    | 45,235,000       |
| Integrated Health Services             | 8.00%                         |    | 41,845,000       |
| National Health Investors, Inc.        | 5.84%                         |    | 30,562,000       |
| ElderTrust of Florida                  | 5.57%                         |    | 29,158,000       |
| Mariner Post Acute Network             | 3.22%                         |    | 16,860,000       |
| Community Health Systems, Inc.         | 2.89%                         |    | 15,146,000       |
| Sun Healthcare                         | 1.85%                         |    | 9,683,000        |
| Midwest Nursing Home Investors, L.L.C. | 1.25%                         |    | 6,567,000        |
| HCA-The Healthcare Company             | 0.92%                         |    | 4,832,000        |
| American Retirement Corporation        | 0.90%                         |    | 4,700,000        |
| Res-Care, Inc.                         | 0.88%                         |    | 4,608,000        |
| Centennial HealthCare Corp.            | 0.29%                         |    | 1,497,000        |
|  | 52.43%                        | \$ | 274,365,000      |

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## Summary of Facilities by State March 31, 2003

|    |                | LTC | Acute<br>Care | MOB | Dev.<br>Disab. | Asst.<br>Living | Retire-<br>ment | Total    | Current<br>Amount | Percent of<br>Total<br>Portfolio |
|----|----------------|-----|---------------|-----|----------------|-----------------|-----------------|----------|-------------------|----------------------------------|
| 1  | Florida        | 25  |               | 1   | 14             | 7               |                 | 47       | 146,245,000       | 27.95%                           |
| 2  | Texas          | 28  |               | 2   |                | 1               | 2               | 33       | 107,985,000       | 20.63%                           |
| 3  | Tennessee      | 21  |               |     | 3              | 3               | 2               | 29       | 43,179,000        | 8.25%                            |
| 4  | Missouri       | 9   |               |     |                |                 | 1               | 10       | 28,133,000        | 5.38%                            |
| 5  | New Jersey     | 2   |               |     |                | 1               |                 | 3        | 27,428,000        | 5.24%                            |
| 6  | Arizona        | 1   |               |     |                | 4               |                 | 5        | 19,957,000        | 3.81%                            |
| 7  | Virginia       | 7   |               |     |                |                 |                 | 7        | 19,925,000        | 3.81%                            |
| 8  | New Hampshire  | 3   |               |     |                |                 | 1               | 4        | 18,679,000        | 3.57%                            |
| 9  | Georgia        | 7   |               |     |                |                 |                 | 7        | 18,121,000        | 3.46%                            |
| 10 | Kansas         | 7   |               |     |                |                 |                 | 7        | 13,297,000        | 2.54%                            |
| 11 | Massachusetts  | 4   |               |     |                |                 |                 | 4        | 13,254,000        | 2.53%                            |
| 12 | Washington     | 5   |               |     |                |                 |                 | 5        | 10,422,000        | 1.99%                            |
| 13 | Kentucky       | 4   | 1             |     |                |                 |                 | 5        | 10,346,000        | 1.98%                            |
| 14 | South Carolina | 3   |               |     |                | 1               |                 | 4        | 9,025,000         | 1.72%                            |
| 15 | Colorado       | 3   |               |     |                |                 |                 | 3        | 8,125,000         | 1.55%                            |
| 16 | Idaho          | 1   |               |     |                |                 | 1               | 2        | 5,846,000         | 1.12%                            |
| 17 | Illinois       | 1   |               | 1   |                |                 |                 | 2        | 4,522,000         | 0.86%                            |
| 18 | Michigan       | 2   |               |     |                |                 |                 | 2        | 3,307,000         | 0.63%                            |
| 19 | Alabama        | 2   |               |     |                |                 |                 | 2        | 2,669,000         | 0.51%                            |
| 20 | Pennsylvania   | 1   |               |     |                |                 |                 | 1        | 2,249,000         | 0.43%                            |
| 21 | Wisconsin      | 1   |               |     |                |                 |                 | 1        | 2,189,000         | 0.42%                            |
| 22 | North Carolina | 0   |               |     |                | 1               |                 | 1        | 2,063,000         | 0.39%                            |
|    |                | 137 | 1             | 4   | 17             | 18              | 7               | 184      | 516,966,000       | 98.79%                           |
|    |                |     |               |     |                |                 |                 | REMIC II | 6,346,000         | 1.21%                            |
|    |                |     |               |     |                |                 |                 |          | 523,312,000       | 100.00%                          |

