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	62-1470956
(Commission File No.)	(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	**Exhibit**
99	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."

-more-

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.

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.

-More-

Page 3 NHI's first quarter results

Condensed Statements of Income

(in thousands except share and per share amounts)	Three Months Ended March 31	
	2003	2002
Revenues:		
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
	$ 43,163	$ 39,930
Expenses:		
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	**$ 11,723**	$ 7,240
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		

Basic	**$**	**.51**	$	.42
Diluted	**$**	**.51**	$	.41
Weighted average common shares				
Basic	**26,688,984**		26,072,872	
Diluted	**26,944,523**		26,902,501	
Diluted Shares for FFO purposes		**26,944,523**		26,902,501
Dividends per common share	**$**	**.40**	$	.35

Balance Sheet Data

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

-More-

Reconciliation of Funds From Operations [(1)]

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

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

(1)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.

-more-

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

Portfolio Summary	Properties	Investment	Investment 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%

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 Total Dollars		Total 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

-more-

Portfolio by Operator Type:

	# of Properties	Percent of Total Dollars	Total Dollars

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 of Portfolio		Dollar 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

- More -

Summary of Facilities by State March 31, 2003

		LTC	Acute Care	MOB	Dev. Disab.	Asst. Living	Retire-ment	Total	Current Amount	Percent of Total 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%