

NATIONAL HEALTH INVESTORS INC  
Form 8-K  
October 27, 2005

**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): October 27, 2005 (October 27, 2005)

**National Health Investors, Inc.**

(Exact name of Registrant as specified in its charter)

Maryland

(State or Other Jurisdiction of Incorporation)

001-10822  
(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 2.02. Results of Operations and Financial Condition.

On October 27, 2005, National Health Investors, Inc. issued a press release announcing its third quarter results. A copy of the press release is filed an Exhibit 99 to this Current Report on Form 8-K and is incorporated by reference herein.

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: October 27, 2005

#### Exhibit Index

| <b>Number</b> | <b>Exhibit</b> |
|---------------|----------------|
|---------------|----------------|

|    |                                       |
|----|---------------------------------------|
| 99 | Press release, dated October 27, 2005 |
|----|---------------------------------------|

#### EXHIBIT 99

For Release: October 27, 2005

Contact: Gerald Coggin, VP of Corporate Relation

Phone: (615) 890-9100

## NHI reports third quarter income

MURFREESBORO, Tenn. -- National Health Investors, Inc., (NYSE: NHI) announced income from continuing operations for the third quarter ended September 30 of \$12,486,000 or 45 cents per basic and diluted share of common stock compared to \$12,084,000, or 44 cents per basic and diluted share of common stock for the same period in 2004.

Funds from operations ("FFO") for the third quarter ended September 30 was \$15,383,000, or 55 cents per basic and \$15,400,000, or 55 cents per diluted share of common stock compared to \$14,993,000, or 55 cents per basic and \$15,022,000, or 54 cents per diluted share for the same period in 2004.

Income from continuing operations for the nine months ended September 30 was \$41,440,000 or \$1.50 per basic and \$1.49 per diluted share of common stock compared to \$36,744,000 or \$1.33 per basic and \$1.32 per diluted share of common stock for the same period in 2004.

For the nine months ended September 30, FFO was \$48,065,000 or \$1.74 per basic and \$48,131,000 or \$1.73 per diluted share of common stock compared to \$44,555,000 or \$1.64 per basic and \$44,646,000 or \$1.63 per diluted share for the same period in 2004.

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Net income for the three months and nine months ended September 30, was \$12,540,000 and \$42,149,000, respectively, versus \$12,032,000 and \$37,428,000, respectively, for the same period in 2004.

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](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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| (in thousands, except share and per share)                  | Three Months Ended Sept. 30 |           | Nine Months Ended Sept. 30 |           |
|-------------------------------------------------------------|-----------------------------|-----------|----------------------------|-----------|
|                                                             | 2005                        | 2004      | 2005                       | 2004      |
| <b>Revenues:</b>                                            |                             |           |                            |           |
| Mortgage interest income                                    | \$ 6,710                    | \$ 4,281  | \$ 14,541                  | \$ 13,950 |
| Rental income                                               | 11,298                      | 12,126    | 34,357                     | 36,485    |
| Facility operating revenues                                 | 23,490                      | 21,841    | 69,973                     | 63,010    |
|                                                             | 41,498                      | 38,248    | 118,871                    | 113,445   |
| <b>Expenses:</b>                                            |                             |           |                            |           |
| Interest                                                    | 2,101                       | 3,105     | 6,500                      | 9,308     |
| Depreciation                                                | 3,185                       | 3,387     | 9,510                      | 10,215    |
| Amortization of loan cost                                   | 34                          | 37        | 140                        | 111       |
| Legal expense                                               | 45                          | 197       | 367                        | 1,115     |
| Franchise, excise and other taxes                           | 102                         | 79        | 387                        | 215       |
| General and administrative                                  | 1,033                       | 952       | 3,205                      | 2,872     |
| Loan, REMIC, realty, and security losses, (recoveries), net | 2,852                       | ---       | 6,380                      | (896)     |
| Facility operating expense                                  | 21,947                      | 20,001    | 65,751                     | 60,282    |
|                                                             | 31,299                      | 27,758    | 92,240                     | 83,222    |
| Income before non-operating income                          | 10,199                      | 10,490    | 26,631                     | 30,223    |
| Non-operating income (investments and other)                | 2,287                       | 1,594     | 14,809                     | 6,521     |
| Income from continuing operations                           | 12,486                      | 12,084    | 41,440                     | 36,744    |
| Discontinued operations                                     |                             |           |                            |           |
| Operating income (loss)-                                    | 29                          | (52)      | (64)                       | (568)     |
| Net gain on sale of real estate                             | 25                          | ---       | 773                        | 1,252     |
|                                                             | 54                          | (52)      | 709                        | 684       |
| Net Income                                                  | 12,540                      | 12,032    | 42,149                     | 37,428    |
| Dividends to preferred stockholders                         | ---                         | ---       | ---                        | (514)     |
| Net income applicable to common stock                       | \$ 12,540                   | \$ 12,032 | \$ 42,149                  | \$ 36,914 |
| Income from continuing operations per common share:         |                             |           |                            |           |

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|                                           |    |            |    |            |    |            |    |            |
|-------------------------------------------|----|------------|----|------------|----|------------|----|------------|
| Basic                                     | \$ | .45        | \$ | .44        | \$ | 1.50       | \$ | 1.33       |
| Diluted                                   | \$ | .45        | \$ | .44        | \$ | 1.49       | \$ | 1.32       |
| Discontinued operations per common share: |    |            |    |            |    |            |    |            |
| Basic                                     | \$ | ---        | \$ | ---        | \$ | .02        | \$ | .03        |
| Diluted                                   | \$ | ---        | \$ | (.01)      | \$ | .03        | \$ | .03        |
| Net income per common share:              |    |            |    |            |    |            |    |            |
| Basic                                     | \$ | .45        | \$ | .44        | \$ | 1.52       | \$ | 1.36       |
| Diluted                                   | \$ | .45        | \$ | .43        | \$ | 1.52       | \$ | 1.35       |
| Funds from operations:                    |    |            |    |            |    |            |    |            |
| Basic                                     | \$ | 15,383     | \$ | 14,993     | \$ | 48,065     | \$ | 44,555     |
| Diluted                                   | \$ | 15,400     | \$ | 15,022     | \$ | 48,131     | \$ | 44,646     |
| Funds from operations per common share:   |    |            |    |            |    |            |    |            |
| Basic                                     | \$ | .55        | \$ | .55        | \$ | 1.74       | \$ | 1.64       |
| Diluted                                   | \$ | .55        | \$ | .54        | \$ | 1.73       | \$ | 1.63       |
| Weighted average common shares            |    |            |    |            |    |            |    |            |
| Basic                                     |    | 27,741,424 |    | 27,488,855 |    | 27,676,367 |    | 27,178,491 |
| Diluted                                   |    | 27,860,177 |    | 27,769,366 |    | 27,829,214 |    | 27,457,222 |
| Dividends per common share                | \$ | .450       | \$ | .425       | \$ | 1.35       | \$ | 1.275      |

Balance Sheet Data

|                                |    |          |    |             |
|--------------------------------|----|----------|----|-------------|
| <i>(in thousands)</i>          |    | Sept. 30 |    | December 31 |
|                                |    | 2005     |    | 2004        |
| Real estate properties, net    | \$ | 266,010  | \$ | 278,170     |
| Mortgages receivable, net      |    | 119,460  |    | 112,072     |
| Preferred stock investments    |    | 38,132   |    | 38,132      |
| Cash and marketable securities |    | 155,801  |    | 190,313     |
| Debt                           |    | 118,446  |    | 154,432     |
| Convertible debt               |    | 582      |    | 1,116       |
| Stockholders' equity           |    | 424,959  |    | 425,539     |
|                                |    | -more-   |    |             |

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Reconciliation of Funds From Operations <sup>(1)(2)</sup>

The following table reconciles net income to funds from operations:

*(in thousands, except share and per share amounts)*

|                                              | Three Months Ended Sept. 30 |           | Nine Months Ended Sept. 30 |           |
|----------------------------------------------|-----------------------------|-----------|----------------------------|-----------|
|                                              | 2005                        | 2004      | 2005                       | 2004      |
| Net income                                   | \$ 12,540                   | \$ 12,032 | \$ 42,149                  | \$ 37,428 |
| Dividends to preferred stockholders          | ---                         | ---       | ---                        | (514)     |
| Net income applicable to common stockholders | 12,540                      | 12,032    | 42,149                     | 36,914    |
| Elimination of non-cash items in net income: |                             |           |                            |           |
| Real estate depreciation                     | 2,868                       | 2,883     | 8,538                      | 8,659     |

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|                                                                 |            |            |            |            |
|-----------------------------------------------------------------|------------|------------|------------|------------|
| Real estate depreciation in discontinued operations             | ---        | 78         | 22         | 234        |
| Gain on sale of real estate                                     | (25)       | ---        | (2,644)    | (1,252)    |
| Basic funds from operations applicable to common stockholders   | 15,383     | 14,993     | 48,065     | 44,555     |
| Interest on convertible subordinated debentures                 | 17         | 29         | 66         | 91         |
| Diluted funds from operations applicable to common stockholders | \$ 15,400  | \$ 15,022  | \$ 48,131  | \$ 44,646  |
| Basic funds from operations per share                           | \$ .55     | \$ .55     | \$ 1.74    | \$ 1.64    |
| Diluted funds from operations per share                         | \$ .55     | \$ .54     | \$ 1.73    | \$ 1.63    |
| Shares for basic funds from operations per share                | 27,741,424 | 27,488,855 | 27,676,367 | 27,178,491 |
| Shares for diluted funds from operations per share              | 27,860,177 | 27,769,366 | 27,829,214 | 27,457,222 |

(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 used 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 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.*

(2) *We have complied with the SEC's interpretation that recurring impairments taken on real property may not be added back to net income in the calculation of FFO. The SEC's position is that recurring impairments on real property are not an appropriate adjustment.*

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| Portfolio Statistics          | Properties | Investment  | Investment Percentage |
|-------------------------------|------------|-------------|-----------------------|
| 1 Equity Ownership            | 94         | 266,010,000 | 69%                   |
| 2 Mortgage Loan Receivables   | 64         | 119,460,000 | 31%                   |
| 3 Total Real Estate Portfolio | 158        | 385,470,000 | 100%                  |

| Equity Ownership           | Properties | Beds           | Investment    |
|----------------------------|------------|----------------|---------------|
| Nursing Homes              | 69         | 9,242          | \$177,612,000 |
| 2 Assisted Living          | 15         | 1,328          | 60,178,000    |
| 3 Medical Office Buildings | 4          | 124,427 sq.ft. | 10,528,000    |
| 4 Retirement Homes         | 5          | 426            | 10,352,000    |
| 5 Hospitals                | 1          | 55             | 7,340,000     |
|                            | 94         |                | \$266,010,000 |

| Mortgage Loan Receivables | Properties | Beds  | Investments   |
|---------------------------|------------|-------|---------------|
| Nursing Homes             | 46         | 5,005 | \$113,108,000 |
| Retirement Homes          | 1          | 60    | 2,019,000     |
| Developmentally Disabled  | 17         | 108   | 4,333,000     |
|                           | 64         |       | \$119,460,000 |
| Remic II Investment       |            | 459   |               |
| Total Mortgage Portfolio  | 64         |       | \$119,460,000 |

Summary of Facilities by Type:

|                            | Properties | Percentage of Total Dollars | Total Dollars |
|----------------------------|------------|-----------------------------|---------------|
| 1 Nursing Homes            | 115        | 75.42%                      | \$290,720,000 |
| 2 Assisted Living          | 15         | 15.61%                      | 60,178,000    |
| 3 Medical Office Buildings | 4          | 2.73%                       | 10,528,000    |
| 4 Retirement Homes         | 6          | 3.21%                       | 12,371,000    |
| 5 Hospitals                | 1          | 1.90%                       | 7,340,000     |
| 6 Developmentally Disabled | 17         | 1.12%                       | 4,333,000     |
|                            | 158        | 100.00%                     | \$385,470,000 |

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Portfolio by Operator Type

|          | # of Properties | Percentage of Total Dollars | Total Dollars |
|----------|-----------------|-----------------------------|---------------|
| Public   | 71              | 24.94%                      | \$ 96,144,000 |
| Regional | 80              | 68.31%                      | 263,321,000   |
| Small    | 7               | 6.75%                       | 26,005,000    |

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|                                           |     |                 |               |
|-------------------------------------------|-----|-----------------|---------------|
|                                           | 158 | 100.00%         | \$385,470,000 |
| NHC Managed Assets                        |     |                 | 51,628,000    |
| Total Assets (incl Marketable securities) |     |                 | 443,488,000   |
|                                           |     |                 | 11.64%        |
| Net Real Estate                           |     |                 | 266,010,000   |
| Mortgages                                 |     |                 | 119,460,000   |
| Other Notes Receivable                    |     |                 | -             |
| Preferred Stock                           |     |                 | 38,132,000    |
| Marketable Securities                     |     |                 | 19,886,000    |
| REMICS                                    |     |                 | -             |
| Total Portfolio                           |     |                 | 443,488,000   |
| Public Operators                          |     |                 |               |
|                                           |     | Percentage of   | Dollar        |
|                                           |     | Total Portfolio | Amount        |
| National HealthCare Corp.                 |     | 13.39%          | \$51,628,000  |
| Community Health Systems, Inc.            |     | 3.53%           | 13,603,000    |
| Sunrise Senior Living Services            |     | 3.47%           | 13,394,000    |
| Sun Healthcare                            |     | 2.31%           | 8,921,000     |
| Res-Care, Inc.                            |     | 1.12%           | 4,333,000     |
| HCA-The Healthcare Company                |     | 1.11%           | 4,265,000     |
|                                           |     | 24.94%          | \$96,144,000  |

National Health Investors, Inc.

Summary of Facilities by State

September 30, 2005

|                   | Acute |     | Dev.   | Asst.  | Retire- |       | Investment    | Percent       |         |
|-------------------|-------|-----|--------|--------|---------|-------|---------------|---------------|---------|
| LTC               | Care  | MOB | Disab. | Living | ment    | Total | Amount        | Total         |         |
|                   |       |     |        |        |         |       |               | Portfolio     |         |
| 1 Florida         | 17    |     | 1      | 14     | 5       | 37    | \$ 89,877,000 | 23.32%        |         |
| 2 Texas           | 27    |     | 2      |        | 1       | 30    | 85,284,000    | 22.12%        |         |
| 3 Tennessee       | 20    |     |        | 3      | 3       | 28    | 34,731,000    | 9.01%         |         |
| 4 Missouri        | 9     |     |        |        | 1       | 10    | 26,442,000    | 6.86%         |         |
| 5 New Jersey      | 2     |     |        |        | 1       | 3     | 25,482,000    | 6.61%         |         |
| 6 Virginia        | 8     |     |        |        |         | 8     | 20,192,000    | 5.24%         |         |
| 7 Arizona         | 1     |     |        |        | 4       | 5     | 18,621,000    | 4.83%         |         |
| 8 New Hampshire   | 3     |     |        |        | 1       | 4     | 15,153,000    | 3.93%         |         |
| 9 Georgia         | 7     |     |        |        |         | 7     | 14,929,000    | 3.87%         |         |
| 10 Massachusetts  | 4     |     |        |        |         | 4     | 11,164,000    | 2.90%         |         |
| 11 Kansas         | 7     |     |        |        |         | 7     | 11,196,000    | 2.90%         |         |
| 12 Kentucky       | 3     | 1   |        |        |         | 4     | 8,946,000     | 2.32%         |         |
| 13 South Carolina | 3     |     |        |        | 1       | 4     | 7,855,000     | 2.04%         |         |
| 14 Idaho          | 1     |     |        |        | 1       | 2     | 5,404,000     | 1.40%         |         |
| 15 Pennsylvania   | 0     |     |        |        | 1       | 1     | 4,392,000     | 1.14%         |         |
| 16 Alabama        | 2     |     |        |        |         | 2     | 2,211,000     | 0.57%         |         |
| 17 Wisconsin      | 1     |     |        |        |         | 1     | 2,050,000     | 0.53%         |         |
| 18 Illinois       | 0     |     | 1      |        |         | 1     | 1,541,000     | 0.40%         |         |
|                   | 115   | 1   | 4      | 17     | 15      | 6     | 158           | \$385,470,000 | 100.00% |