

NATIONWIDE HEALTH PROPERTIES INC
Form 10-Q
May 03, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2004.

OR

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

For the transition period from to .

Commission file number 1-9028

NATIONWIDE HEALTH PROPERTIES, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of incorporation)

95-3997619
(I.R.S. Employer)

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or organization)

Identification Number)

610 Newport Center Drive, Suite 1150

Newport Beach, California 92660

(Address of principal executive offices)

(949) 718-4400

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Rule 12b-2). Yes No

Shares of registrant's common stock, \$0.10 par value, outstanding at April 30, 2004 66,477,436.

NATIONWIDE HEALTH PROPERTIES, INC.

FORM 10-Q

MARCH 31, 2004

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Part I. Financial Information

Item 1. Financial Statements

NATIONWIDE HEALTH PROPERTIES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2004	December 31, 2003
	(Unaudited)	
	(Dollars in thousands)	
ASSETS		
Investments in real estate		
Real estate properties:		
Land	\$ 158,365	\$ 153,002
Buildings and improvements	1,388,426	1,316,163
	<u>1,546,791</u>	<u>1,469,165</u>
Less accumulated depreciation	(268,765)	(259,406)
	<u>1,278,026</u>	<u>1,209,759</u>
Mortgage loans receivable, net	95,819	93,386
Investment in unconsolidated joint venture	13,948	14,824
	<u>1,387,793</u>	<u>1,317,969</u>
Cash and cash equivalents	12,788	10,726
Receivables	7,940	5,661
Assets held for sale	3,511	3,511
Other assets	49,511	46,688
	<u>\$ 1,461,543</u>	<u>\$ 1,384,555</u>
LIABILITIES AND STOCKHOLDERS EQUITY		
Borrowings under unsecured revolving credit facility	\$ 25,000	\$ 63,000
Senior notes due 2004-2038	517,000	540,750
Notes and bonds payable	140,737	133,775
Accounts payable and accrued liabilities	49,189	44,623
Commitments and contingencies		
Stockholders' equity:		
Preferred stock \$1.00 par value; 5,000,000 shares authorized; 1,000,000 shares issued and outstanding at March 31, 2004 and December 31, 2003, stated at liquidation preference of \$100 per share	100,000	100,000
Common stock \$0.10 par value; 100,000,000 shares authorized; 66,474,448 and 58,974,426 issued and outstanding at March 31, 2004 and December 31, 2003, respectively	6,647	5,897
Capital in excess of par value	864,456	725,260
Cumulative net income	748,509	733,953
Cumulative dividends	(989,995)	(962,703)

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Total stockholders' equity	729,617	602,407
	<u>\$ 1,461,543</u>	<u>\$ 1,384,555</u>

See accompanying notes.

NATIONWIDE HEALTH PROPERTIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended March 31,	
	2004	2003
(In thousands, except per share amounts)		
Revenues:		
Rental income	\$ 38,015	\$ 36,619
Interest and other income	3,177	3,261
	<u>41,192</u>	<u>39,880</u>
Expenses:		
Interest and amortization of deferred financing costs	12,622	15,130
Depreciation and amortization	10,487	10,399
General and administrative	3,867	1,851
	<u>26,976</u>	<u>27,380</u>
Income before unconsolidated entity	14,216	12,500
Income from unconsolidated joint venture	412	493
	<u>14,628</u>	<u>12,993</u>
Income from continuing operations	14,628	12,993
Discontinued operations:		
Loss from discontinued operations	(72)	(83)
	<u>14,556</u>	<u>12,910</u>
Net income	14,556	12,910
Preferred stock dividends	(1,919)	(1,919)
	<u>\$ 12,637</u>	<u>\$ 10,991</u>
Income available to common stockholders	\$ 12,637	\$ 10,991
Basic/diluted per share amounts:		
Income from continuing operations available to common stockholders	\$ 0.20	\$ 0.23
	<u>\$</u>	<u>\$</u>
Discontinued operations	\$	\$ (0.01)
	<u>\$</u>	<u>\$</u>
Income available to common stockholders	\$ 0.20	\$ 0.22
	<u>\$</u>	<u>\$</u>
Dividends paid per share	\$ 0.37	\$ 0.46
	<u>\$</u>	<u>\$</u>
Diluted weighted average shares outstanding	64,796	49,169
	<u>64,796</u>	<u>49,169</u>

See accompanying notes.

NATIONWIDE HEALTH PROPERTIES, INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY

(Unaudited)

(In thousands)

	Preferred stock		Common stock		Capital in excess of par value	Cumulative net income	Cumulative dividends	Total stockholders equity
	Shares	Amount	Shares	Amount				
Balances at December 31, 2003	1,000	\$ 100,000	58,974	\$ 5,897	\$ 725,260	\$ 733,953	\$ (962,703)	\$ 602,407
Issuance of common stock			7,500	750	139,167			139,917
Stock option amortization					29			29
Net income						14,556		14,556
Preferred dividends							(1,919)	(1,919)
Common dividends							(25,373)	(25,373)
Balances at March 31, 2004	1,000	\$ 100,000	66,474	\$ 6,647	\$ 864,456	\$ 748,509	\$ (989,995)	\$ 729,617

See accompanying notes.

NATIONWIDE HEALTH PROPERTIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended	
	March 31,	
	2004	2003
	(In thousands)	
Cash flows from operating activities:		
Net income	\$ 14,556	\$ 12,910
Depreciation and amortization	10,487	10,399
Depreciation and amortization in discontinued operations		275
Impairment of assets in discontinued operations		645
Amortization of deferred financing costs	299	330
Equity in earnings from unconsolidated joint venture	(318)	(401)
Cash distribution from unconsolidated joint venture	600	1,000
Net change in other assets and liabilities	(1,278)	4,085
Net cash provided by operating activities	\$ 24,346	\$ 29,243
Cash flows from investing activities:		
Investment in real estate facilities	(79,454)	(18,697)
Disposition of real estate facilities		640
Return of investment from unconsolidated joint venture	594	
Principal payments on mortgage loans receivable	6,173	480
Net cash used in investing activities	(72,687)	(17,577)
Cash flows from financing activities:		
Borrowings under unsecured revolving credit facility	79,000	44,000
Repayment of borrowings under unsecured revolving credit facility	(117,000)	(29,000)
Issuance of common stock, net	139,955	
Repayments of senior unsecured debt	(23,750)	
Principal payments on notes and bonds payable	(494)	(316)
Dividends paid	(27,292)	(24,842)
Other, net	(16)	(61)
Net cash provided by (used in) financing activities	50,403	(10,219)
Increase in cash and cash equivalents	2,062	1,447
Cash and cash equivalents, beginning of period	10,726	8,387
Cash and cash equivalents, end of period	\$ 12,788	\$ 9,834

See accompanying notes.

NATIONWIDE HEALTH PROPERTIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2004

(Unaudited)

1. Organization

Nationwide Health Properties, Inc., a Maryland corporation organized in 1985, is a real estate investment trust (REIT) specializing in investments in health care related senior housing and long-term care facilities. Whenever we refer herein to us or use the terms we or our, we are referring to Nationwide Health Properties, Inc. and its subsidiaries.

We believe we have operated in such a manner as to qualify as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended. We intend to continue to qualify as such and therefore to distribute at least ninety percent (90%) of our REIT taxable income to our stockholders. If we qualify for taxation as a REIT, we will generally not be subject to federal income taxes on our income that is distributed to stockholders. Accordingly, no provision has been made for federal income taxes.

As of March 31, 2004, we had investments in 381 facilities in 38 states, consisting of: