

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: 1994-05-13 | Period of Report: 1994-03-31
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FILER

NATIONWIDE HEALTH PROPERTIES INC

CIK: 780053 | IRS No.: 953997619 | State of Incorporation: MD | Fiscal Year End: 1231
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SIC: 6798 Real estate investment trusts

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

FORM 10-Q

(MARK ONE)

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

For the quarterly period ended March 31, 1994

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

95-3997619

(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

(I.R.S EMPLOYER
IDENTIFICATION NUMBER)

4675 MACARTHUR COURT, SUITE 1170
NEWPORT BEACH, CALIFORNIA 92660

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(714) 251-1211

(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 X NO

Shares of registrant's common stock, \$.10 par value, outstanding at April 30,
1994--18,172,692.

NATIONWIDE HEALTH PROPERTIES, INC.

FORM 10-Q

MARCH 31, 1994

TABLE OF CONTENTS

PART I--FINANCIAL INFORMATION

<TABLE>

<CAPTION>

	PAGE

<S>	<C>
Item 1. Financial Statements	
Condensed Consolidated Balance Sheets.....	2
Condensed Consolidated Statements of Operations.....	3
Condensed Consolidated Statements of Cash Flows.....	4
Notes to Condensed Consolidated Financial Statements.....	5
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	6

PART II--OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.....	7
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</TABLE>

1

PART I

NATIONWIDE HEALTH PROPERTIES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

<TABLE>

<CAPTION>

	MARCH 31, 1994	DECEMBER 31, 1993
	-----	-----
<S>		
Investments in real estate		
Real estate properties:		
Land.....	\$ 33,943	\$ 33,441
Buildings and improvements.....	370,163	361,909

	404,106	395,350
Less accumulated depreciation.....	(52,960)	(50,180)
	351,146	345,170
Mortgage loans receivable, net.....	101,205	83,303
	452,351	428,473
Cash and cash equivalents.....	2,947	3,627
Receivables.....	2,787	2,854
Other assets.....	5,020	5,211
	\$463,105	\$440,165
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Bank borrowings.....	\$ 25,900	\$ 3,800
Convertible debentures.....	65,000	65,000
Senior subordinated convertible debentures.....	4,065	8,609
Notes and bonds payable.....	22,842	23,047
Accounts payable and accrued liabilities.....	8,545	6,782
Stockholders' equity:		
Preferred stock \$1.00 par value; 5,000,000 shares authorized; none issued or outstanding		
Common stock \$.10 par value; 25,000,000 shares authorized; issued and outstanding: 1994-- 18,171,908, 1993--17,979,516.....	1,817	1,797
Capital in excess of par value.....	363,294	358,869
Cumulative net income.....	160,895	149,951
Cumulative dividends.....	(189,253)	(177,690)
	-----	-----
Total stockholders' equity.....	336,753	332,927
	-----	-----
	\$463,105	\$440,165
	=====	=====

</TABLE>

See accompanying notes.

NATIONWIDE HEALTH PROPERTIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

THREE MONTHS
ENDED

	MARCH 31,	
	1994	1993
<S>	<C>	<C>
Revenues:		
Minimum rent.....	\$ 11,156	\$ 9,833
Additional rent.....	2,287	1,883
Interest and other income.....	3,057	2,709
	-----	-----
	16,500	14,425
Expenses:		
Depreciation and amortization.....	2,787	2,360
Interest.....	1,920	1,630
General and administrative.....	849	801
	-----	-----
	5,556	4,791
Net income.....	\$ 10,944	\$ 9,634
	=====	=====
Net income per share.....	\$.60	\$.56
	=====	=====
Dividends paid per share.....	\$.6375	\$.5875
	=====	=====
Weighted average shares outstanding.....	18,099	17,059
	=====	=====

</TABLE>

See accompanying notes.

3

NATIONWIDE HEALTH PROPERTIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(IN THOUSANDS)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,	
	1994	1993
<S>	<C>	<C>
Cash flow from operating activities:		
Net income.....	\$10,944	\$ 9,634

Depreciation, amortization and non-cash charges.....	2,997	2,455
	-----	-----
Funds from operations...	13,941	12,089
Net (increase) decrease in other assets and liabilities.....	1,032	(149)
	-----	-----
Net cash provided by operating activities...	14,973	11,940
Cash flow from investing ac- tivities:		
Acquisition of real estate properties.....	(8,756)	--
Investment in mortgage loans receivable.....	(20,656)	--
Principal payments on mortgage loans receivable.....	3,509	2,134
	-----	-----
Net cash provided by (used in) investing activities.....	(25,903)	2,134
Cash flow from financing ac- tivities:		
Bank borrowings, net.....	22,100	(1,950)
Dividends paid.....	(11,562)	(10,176)
Other, net.....	(288)	(306)
	-----	-----
Net cash provided by (used in) financing activities.....	10,250	(12,432)
	-----	-----
Increase (decrease) in cash and cash equivalents.....	(680)	1,642
Cash and cash equivalents, beginning of period.....	3,627	8,281
	-----	-----
Cash and cash equivalents, end of period.....	\$ 2,947	\$ 9,923
	=====	=====

</TABLE>

See accompanying notes.

(i) The condensed consolidated financial statements included herein have been prepared by the Company, without audit, and include all adjustments which are, in the opinion of management, necessary for a fair presentation of the results of operations for the three-month periods ended March 31, 1994 and 1993 pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Although the Company believes that the disclosures in such financial statements are adequate to make the information presented not misleading, these condensed consolidated financial statements should be read in conjunction with the Company's financial statements and the notes thereto included in the Company's 1993 Annual Report on Form 10-K filed with the Securities and Exchange Commission. The results of operations for the three-month periods ended March 31, 1994 and 1993 are not necessarily indicative of the results for a full year.

(ii) The Company qualifies as a real estate investment trust under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended. The Company intends to continue to qualify as such and therefore to distribute at least 95 percent of its taxable income to its stockholders. Accordingly, no provision has been made for federal income taxes.

(iii) The Company invests in health care related real estate and, as of March 31, 1994 has investments in 164 facilities, 162 of which are long-term health care facilities, and 2 of which are rehabilitation hospitals.

The Company's facilities which are owned and leased under "net" leases are accounted for as operating leases. The leases have initial terms ranging from 10 to 14 years, and most of the leases have eight five-year renewal options. The Company earns fixed monthly minimum rents and may earn periodic additional rents. The additional rent payments are generally computed as a percentage of facility net patient revenues in excess of base amounts. The base amounts, in most cases, are net patient revenues for the first year of the lease. Under the terms of the leases, the lessee is responsible for all maintenance, repairs, taxes and insurance on the leased properties. Fifty-two of the facilities were leased to and operated by subsidiaries of Beverly Enterprises, Inc.

(iv) During the three-month period ended March 31, 1994, the Company acquired three long-term health care facilities in two separate transactions for an aggregate purchase price of approximately \$7,500,000. The facilities were concurrently leased under terms generally similar to the Company's existing leases.

In addition to the acquisitions, the Company provided capital improvement funding in the aggregate amount of approximately \$1,200,000 in accordance with certain existing lease provisions. Such capital improvements will result in an increase in the minimum rents earned by the Company.

During the three-month period ended March 31, 1994, the Company provided a mortgage loan secured by three long-term health care facilities in the amount

of \$11,200,000. Such loan provides for a maximum aggregate loan amount of \$12,000,000. Additional funding will be provided for certain capital improvements and is expected to be funded within one year.

Proceeds of approximately \$3,063,000 were received in connection with the prepayment of one mortgage loan secured by 7 long-term care facilities.

During April, 1994, the Company acquired three health care properties for an aggregate purchase price of approximately \$15,000,000. The facilities are an integrated long-term care, subacute facility, a long-term health care facility and an assisted living facility. An \$8,800,000 mortgage loan was also provided by the Company secured by a continuing care retirement community consisting of 103 skilled nursing beds and 145 assisted living units.

5

NATIONWIDE HEALTH PROPERTIES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

MARCH 31, 1994

OPERATING RESULTS

First Quarter 1994 Compared to First Quarter 1993

Revenues for the three months ended March 31, 1994 increased \$2,075,000, or 14 percent over the same period in 1993. The increase is primarily due to increased minimum rent and interest income resulting from investments in additional facilities during 1993 and 1994 and increased additional rent earned under the Company's existing leases.

Total expenses for the three-month period increased \$765,000, or 16% over the same period in 1993. The increase is due to an increase in depreciation due to the acquisition of facilities in 1993 and 1994, and to increased interest expense in connection with the issuance of \$65,000,000 of convertible debentures in November 1993. This increase was partially offset by a decrease in interest expense in connection with the conversion of a substantial portion of the Company's senior subordinated convertible debentures during 1993 and 1994.

The Company expects increased rental revenues due to the addition of facilities to its property base during 1993 and 1994 and due to increased additional rents under its leases. The Company also expects increased interest income resulting from its mortgage loan investments. Additional investments in health care facilities would also increase rental and/or interest income. As additional investments in facilities are made, depreciation and/or interest expense could also increase. Any such increases, however, are expected to be more than offset by rents or interest income associated with the investments.

Liquidity and Capital Resources

During the three months ended March 31, 1994, the Company acquired three long-term health care facilities in two separate transactions for an aggregate purchase price of approximately \$7,500,000. Additionally, the Company provided a mortgage loan secured by three long-term health care facilities in an aggregate amount of \$11,200,000. Such acquisitions and mortgages were funded by bank borrowings.

Additionally, the Company has a commitment to purchase a long-term health care facility upon its completion for approximately \$5,650,000 and concurrently lease such facility under terms generally similar to the Company's existing leases.

At March 31, 1994, the Company had \$44,100,000 available under its \$70,000,000 revolving bank line of credit. On April 28, 1994, the Company amended the terms of its bank line of credit to increase the amount of the line of credit to \$100,000,000 and extend its maturity to March 31, 1997. Additionally, the Company has effective shelf registrations on file with the Securities and Exchange Commission under which the Company may issue (a) up to \$100,000,000 in aggregate principal amount of medium term notes and (b) up to \$135,000,000 of securities including debt, convertible debt, common and preferred stock.

The Company anticipates making additional investments in health care related facilities. Financing for such future investments may be provided by borrowings under the Company's bank line, private placements or public offerings of debt or equity, and the assumption of secured indebtedness. The Company believes it has sufficient liquidity and financing capability to finance future investments as well as repay borrowings at or prior to their maturity.

6

PART II

NATIONWIDE HEALTH PROPERTIES, INC.

OTHER INFORMATION

MARCH 31, 1994

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits

10. Material contracts

10.1 Amendment Number One to Credit Agreement dated as of May 20, 1993 between the Company and Wells Fargo Bank, National Association, National Westminster Bank USA, The Diawa Bank, Limited, and Sanwa Bank California.

(b) Reports on Form 8-K

No reports on Form 8-K were filed by the Company during the three-

month period ended March 31, 1994.

7

SIGNATURES

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

Date: May 12, 1994

Nationwide Health Properties, Inc.

By MARK L. DESMOND

Mark L. Desmond
Vice President and Treasurer
(Principal Financial Officer)

8

AMENDMENT NUMBER ONE TO CREDIT AGREEMENT

This AMENDMENT NUMBER ONE TO CREDIT AGREEMENT, dated as of April 28, 1994 (this "Amendment"), is entered into among NATIONWIDE HEALTH PROPERTIES, INC., a Maryland corporation (the "Borrower"), the financial institutions which are signatories to the Credit Agreement (each a "Bank" and, collectively, the "Banks"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, as agent for the Banks thereunder (in such capacity, the "Agent").

WHEREAS, the Borrower has requested that the Banks amend certain provisions of the Credit Agreement to provide for, among other things, the making of revolving loans by the Banks to the Borrower in an aggregate principal amount of up to \$100,000,000 at any time outstanding.

WHEREAS, subject to the terms and conditions contained herein, the Banks are willing to amend such provisions of the Credit Agreement and to permit the incurrence of such Indebtedness.

NOW, THEREFORE, in consideration of the mutual covenants, conditions, and provisions hereinafter set forth, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS FOR THIS AMENDMENT;

AMENDMENT OF ARTICLE I OF THE CREDIT AGREEMENT

1.1 Definitions for this Amendment. Any and all initially capitalized terms used herein shall have the meanings ascribed thereto in the Credit Agreement unless specifically defined herein. For purposes of this Amendment, the following initially capitalized terms shall have the following meanings:

"Agent" shall have the meaning set forth in the introduction to this Amendment.

"Amendment" means this Amendment Number One to Credit Agreement among the Borrower, the Banks, and the Agent.

"Bank" and "Banks" shall have the respective meanings set forth in the introduction to this Amendment.

"Borrower" shall have the meaning set forth in the introduction to this

Amendment.

"Credit Agreement" means that certain Credit Agreement, dated as of May 20,

1993, among the Borrower, the Banks, and the Agent.

1.2 Amendment of Section 1.1 of the Credit Agreement. Section 1.1 of the

Credit Agreement is hereby amended by (a) deleting the following defined terms
in their entireties: "Commitment," "Healthcare Property," and "Termination
Date"; and (b) inserting the following defined terms:

"Commitment" means, when used with reference to any Bank at the time any

determination thereof is to be made, the amount set forth opposite the name
of such Bank on the signature pages of the First Amendment, as from time to
time reduced pursuant to Section 4.1, or, where the context so requires,

the obligation of such Bank to make Loans up to such amount on the terms
and conditions set forth in this Agreement.

"First Amendment" means that certain Amendment Number One to Credit

Agreement, dated as of April 28, 1994, among the Borrower, the Banks, and
the Agent.

"Healthcare Property" means a property operating as a nursing home, an

acute care hospital, a rehabilitation hospital, an assisted living
facility, an adult congregate living facility, a personal care facility, a
medical office building, or any combination of the foregoing; provided that

any of the foregoing may also include independent living units as a part of
any such property.

"Termination Date" means, unless extended pursuant to Section 4.1(b), March

31, 1997.

ARTICLE 2

AMENDMENT OF CERTAIN PROVISIONS

----- OF THE CREDIT AGREEMENT -----

Credit Agreement is amended by deleting subsections (f)(iii) and (iv) therefrom
in their entireties and substituting therefor the following subsections:

(iii) additional purchases of Healthcare Properties of other Persons
the consideration (whether in cash or in kind) for which (exclusive of
expenditures permitted under subsection (g)) does not exceed (A)
\$15,000,000 individually, (B) \$100,000,000 in aggregate in any fiscal year,
and (C) \$250,000,000 in the aggregate after May 20, 1993 (or such greater
amounts as shall be approved by the prior written consent of the Majority
Banks); provided that, after giving effect to such purchase, no Default

shall have occurred and be continuing; provided further that, at the time

of any such purchase, the subject Healthcare Property shall have been in
operation for not less than three years and all material construction of
facilities on such property shall have been completed;

(iv) Investments in mortgage loans secured by Healthcare Properties in
an aggregate amount not to exceed \$150,000,000; or

ARTICLE 3

MISCELLANEOUS

3.1 Loan Documents. This Amendment shall be one of the Loan Documents.

3.2 Execution. This Amendment may be executed in any number of

counterparts, each of which when so executed and delivered shall be deemed an
original. All of such counterparts shall constitute but one and the same
instrument. Delivery of an executed counterpart of the signature pages of this
Amendment by telecopier shall be equally effective as delivery of a manually
executed counterpart. Any party delivering an executed counterpart of the
signature pages of this Amendment by telecopier shall thereafter also promptly
deliver a manually executed counterpart, but the failure to deliver such
manually executed counterpart shall not affect the validity, enforceability, and
binding effect of this Amendment.

3.3 Effectiveness. This Amendment shall be effective as of the date first

written above, when (a) one or more counterparts hereof shall have been executed
by the Borrower, the Banks, and the Agent and shall have been delivered to the
Agent; (b) the Agent shall have received new Notes, dated as of the date hereof,
executed by the Borrower evidencing the increased Commitments provided for

hereunder; (c) the Borrower shall have paid \$37,500 to the Agent for the account of the Banks that increased their respective Commitments pursuant to this Amendment, to be allocated in proportion to such increases; and (d) the Borrower shall have paid to the Agent such fees for arrangement services rendered by it as separately agreed upon between the Borrower and the Agent.

3.4 No Other Amendment. Except as expressly amended hereby, the Credit

Agreement shall remain unchanged and in full force and effect. To the extent any terms or provisions of this Amendment conflict with those of the Credit Agreement, the terms and provisions of this Amendment shall control. This Amendment shall be deemed a part of and is hereby incorporated in the Credit Agreement.

3.5 Governing Law. This Amendment shall be governed by, and construed and

enforced in accordance with, the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered as of the date first set forth above.

THE BORROWER

NATIONWIDE HEALTH PROPERTIES, INC.

By MARK L. DESMOND

Title: Vice President and
Treasurer

-3-

THE AGENT

WELLS FARGO BANK, NATIONAL ASSOCIATION

By RICHARD LA POINT

Title: Vice President

THE BANKS

Commitment:

WELLS FARGO BANK, NATIONAL ASSOCIATION

\$42,000,000

By RICHARD LA POINT

Title: Vice President

\$25,000,000

NATIONAL WESTMINSTER BANK USA

By W. WAKEFIELD SMITH

Title: Vice President

\$19,000,000

THE DAIWA BANK, LIMITED

By YVONNE K. TSO

Title: Vice President

By STEVEN K. JOHNSON

Title:

-4-

\$14,000,000

SANWA BANK CALIFORNIA

By DEL LORIMER

Title:

-5-