

NATIONWIDE HEALTH PROPERTIES INC

Form 424B5

July 13, 2006

Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-127366

Prospectus supplement

To prospectus dated August 25, 2005

\$350,000,000

6.50% Notes due 2011

Interest payable January 15 and July 15

Issue price: 99.899%

The notes will mature on July 15, 2011. Interest will accrue from July 14, 2006. We may redeem the notes in whole or in part at any time at the redemption prices described on page S-30.

See Risk factors beginning on page S-15 for a discussion of certain risks that you should consider in connection with an investment in the notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined that this prospectus supplement or the prospectus to which it relates is accurate or complete. Any representation to the contrary is a criminal offense.

	Price to Public	Underwriting Discounts	Proceeds to Us
Per Note	99.899%	0.600%	99.299%
Total	\$349,646,500	\$2,100,000	\$347,546,500

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

We expect that delivery of the notes will be made to investors through the book-entry delivery system of The Depository Trust Company on or about July 14, 2006.

Joint Book-Running Managers

JPMorgan

Banc of America Securities LLC

Senior Co-Managers

Calyon Securities (USA)

Deutsche Bank Securities

KeyBanc Capital Markets

UBS Investment Bank

Wells Fargo Securities

Co-Managers

LaSalle Capital Markets

Piper Jaffray

Wachovia Securities

July 11, 2006

Table of Contents

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with any other information. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date of this prospectus supplement or the accompanying prospectus, respectively, or that information contained in any document incorporated or deemed to be incorporated by reference is accurate as of any date other than the date of that document.

If the description of the notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in some jurisdictions may be restricted by law. Persons who receive this prospectus supplement and the accompanying prospectus should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Table of contents

	Page
	<hr/>
Prospectus Supplement	
<u>The company</u>	S-1
<u>Recent developments</u>	S-3
<u>Use of proceeds</u>	S-4
<u>Capitalization</u>	S-5
<u>Ratio of earnings to fixed charges</u>	S-7
<u>Summary consolidated financial data</u>	S-8
<u>Unaudited pro forma consolidated financial data</u>	S-9
<u>Risk factors</u>	S-15
<u>Description of notes</u>	S-29
<u>Certain U.S. federal income tax consequences</u>	S-40
<u>Underwriting</u>	S-49
<u>Legal matters</u>	S-51
<u>Experts</u>	S-51
<u>Incorporation of certain documents by reference</u>	S-52
Prospectus	
<u>About this Prospectus</u>	3
<u>The Company</u>	3
<u>Risk Factors</u>	5
<u>Ratio of Earnings to Fixed Charges</u>	5
<u>Use of Proceeds</u>	5
<u>Description of Debt Securities</u>	6
<u>Description of Preferred Stock</u>	13
<u>Description of Common Stock</u>	17
<u>Description of Securities Warrants</u>	20
<u>Plan of Distribution</u>	23
<u>Legal Matters</u>	25
Table of Contents	3

<u>Experts</u>	25
<u>Where You Can Find More Information</u>	25
<u>Incorporation of Certain Documents by Reference</u>	26
<u>Cautionary Statements</u>	26

Table of Contents

The company

Nationwide Health Properties, Inc., a Maryland corporation incorporated on October 14, 1985, is a real estate investment trust (REIT) that invests primarily in healthcare related facilities and provides financing to healthcare providers. Whenever we refer herein to NHP, the Company or to us or use the terms we or our, we are referring to Nationwide Health Properties, Inc. and its subsidiaries, unless the context otherwise requires.

We primarily make our investments by acquiring an ownership interest in facilities and leasing them to unaffiliated operators under triple-net master leases that pass all facility operating costs (including maintenance, repairs, taxes, insurance and capital expenditures) through to the tenant operator. In addition, but intentionally to a much lesser extent because we view the risks of this activity to be greater, from time to time we extend mortgage loans and other financing to operators. For the quarter ended March 31, 2006, approximately 96% of our revenues were derived from our leases, with the remaining 4% from our mortgage loans and other financing.

At March 31, 2006, we had investments in 448 facilities located in 39 states. The facilities included 214 assisted and independent living facilities, 197 skilled nursing facilities, seven continuing care retirement communities, seven specialty hospitals, 21 medical office buildings operated by a consolidated joint venture in which we held a 90% interest and two assets held for sale. On June 1, 2006, we completed our acquisition and master leaseback of the real estate holdings of Hearthstone Assisted Living, Inc. (Hearthstone). See Recent Developments.

Additionally, at March 31, 2006, we held 13 mortgage loans secured by 13 skilled nursing facilities, one assisted living facility, one continuing care retirement community and one land parcel.

At March 31, 2006, our facilities were operated by 74 different operators, including the following publicly traded companies: American Retirement Corporation, Brookdale Senior Living, Inc., Emeritus Corporation, Extendicare, Inc., Genesis Healthcare, HEALTHSOUTH Corporation, Kindred Healthcare, Inc. and Sun Healthcare Group, Inc. Of the operators of our facilities, only Brookdale Senior Living, Inc. accounted for 10% or more of our revenues for the quarter ended March 31, 2006. We expect each of Brookdale Senior Living, Inc. (Brookdale) and Hearthstone Senior Services, L.P. and its subsidiaries (collectively, New Hearthstone) to account for more than 10% of our revenues for the remainder of 2006.

Our leases generally have initial terms ranging from five to 21 years with two or more multiple-year renewal options. We earn fixed monthly minimum rents and may earn periodic additional rents. The additional rent payments are generally computed as a percentage of facility revenues in excess of base amounts or as a percentage of the increase in the Consumer Price Index. Additional rents are generally calculated and payable monthly or quarterly. While the calculations and payments of additional rents contingent upon revenue are generally made on a quarterly basis, SEC Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements (SAB No. 101) does not allow for the recognition of this revenue until all possible contingencies have been eliminated. Most of our leases with additional rents contingent upon revenue are structured as quarterly calculations so that all contingencies for revenue recognition have been eliminated at each of our quarterly reporting dates. Also, the majority of our leases contain provisions that the total rent cannot decrease from one year to the next. Approximately 84% of our facilities are leased under master leases. In addition, the majority of our leases contain cross-collateralization and cross-default provisions tied to other leases with the same

Table of Contents

tenant, as well as grouped lease renewals and, if purchase options exist, grouped purchase options. Leases covering 340 facilities are backed by security deposits consisting of irrevocable letters of credit or cash, most of which cover from three to six months of initial monthly minimum rents. At March 31, 2006, leases covering 229 facilities required the tenant to impound property taxes and leases covering 114 facilities required capital expenditure impounds. Under the terms of the leases, the tenant is responsible for all maintenance, repairs, taxes, insurance and capital expenditures for the leased properties.

We believe we have operated in such a manner as to qualify for taxation as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the Code). We intend to continue to qualify as such and therefore to distribute at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and by excluding net capital gain) to our stockholders. If we qualify for taxation as a REIT, and we distribute 100% of such REIT taxable income to our stockholders, we will generally not be subject to U.S. federal income taxes on our income that is distributed to stockholders. This treatment substantially eliminates the double taxation (i.e., at the corporate and stockholder levels) that generally results from investing in the stock of a corporation.

Our principal executive offices are located at 610 Newport Center Drive, Suite 1150, Newport Beach, California 92660 and our telephone number is (949) 718-4400.

Table of Contents

Recent developments

Effective June 1, 2006, we completed our acquisition and master leaseback of the real estate holdings of Hearthstone for approximately \$419 million plus approximately \$12 million in debt defeasance and closing costs. We refer to this transaction in this prospectus supplement as the Acquisition. As a result of the Acquisition, we now own 100% of the 32 assisted living and Alzheimer's facilities leased to subsidiaries of Hearthstone Senior Services, L.P. and Hearthstone Senior Services, L.P., as guarantor, under a master lease and two stand-alone leases with initial terms expiring in 2021. Each stand-alone lease has a cross-default provision to the master lease. In connection with the Acquisition, we entered into a new \$200 million credit agreement (the Bridge Facility). The full amount available under the Bridge Facility was borrowed to finance a portion of the purchase price for the Acquisition. These borrowings have a maturity date of September 12, 2006. We intend to repay \$150 million of the borrowings under the Bridge Facility with proceeds from this offering and the remainder at maturity with additional borrowings under our unsecured credit facility (the Credit Facility). See Use of Proceeds.

On June 29, 2006, we settled the forward sale agreements previously entered into between us and affiliates of certain underwriters relating to an aggregate of 4,500,000 shares of our common stock. Pursuant to the terms of the forward sale agreements, we received \$91.7 million in net proceeds for the issuance of 4,500,000 shares of our common stock, at an initial forward price of \$20.3753 per share.

Table of Contents

Use of proceeds

We estimate that the net proceeds we will receive from this offering will be approximately \$347.1 million after deducting estimated underwriting discounts and other offering expenses payable by us. We currently expect to use the net proceeds from the sale of the notes to repay \$197 million outstanding under the Credit Facility and the remainder to repay \$150 million of the amount outstanding under the Bridge Facility. As of July 11, 2006, the aggregate amount outstanding under the Credit Facility was approximately \$340 million, having interest rates between 6.0875% and 8.25%. Of this amount, approximately \$240 million has a maturity date of October 20, 2008, and approximately \$100 million has a maturity date of October 20, 2010. Amounts outstanding under the Credit Facility were incurred for general corporate purposes. The \$200 million outstanding under the Bridge Facility has interest rates between 5.575% and 5.825% and a maturity date of September 12, 2006. Amounts outstanding under the Bridge Facility were incurred to finance a portion of the purchase price of the Acquisition. See Recent Developments.

S-4

Table of Contents**Capitalization**

The following table presents our consolidated cash and cash equivalents and capitalization as of March 31, 2006:

on an actual basis;

on a pro forma basis to give effect to (a) the issuance of 5,850,000 shares of our common stock on April 5, 2006 and the issuance of an additional 4,500,000 shares of our common stock on June 29, 2006 upon our exercise of an option under forward sale agreements between affiliates of certain underwriters and us (collectively, the Equity Issuance), and (b) the Acquisition, as if such transactions had occurred on March 31, 2006; and

on a pro forma as adjusted basis giving effect to the Equity Issuance, the Acquisition and the issuance and sale of our notes being offered by this prospectus supplement and the accompanying prospectus and the application of the estimated net proceeds from this offering of \$347.1 million, as if such transactions had occurred on March 31, 2006.

This table should be read in conjunction with our consolidated financial statements and the related notes contained therein in our Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and our unaudited condensed consolidated financial statements and related notes contained therein in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, which are incorporated by reference in this prospectus supplement.

	As of March 31, 2006		
(in thousands except share data)	Actual	Pro Forma	Pro Forma As Adjusted
		(unaudited)	
Cash and cash equivalents	\$ 12,399	\$ 12,454	\$ 12,601
Debt:			
Borrowings under the Credit Facility(1)	\$ 335,000	\$ 335,000	\$ 138,000
Borrowings under the Bridge Facility(2)		200,000	50,000
Senior notes due 2006-2038	570,225	570,225	920,225
Notes and bonds payable	293,762	313,328(3)	313,328
Total debt	1,198,987	1,418,553	1,421,553
Minority interest	1,825	1,825	1,825
Stockholders' equity:			
Preferred stock, \$1.00 par value per share; 5,000,000 shares authorized:			
Series A; 900,485 shares issued and outstanding; stated at liquidation preference of \$100 per share	90,049	90,049	90,049
Series B; 1,064,500 shares issued and outstanding; stated at liquidation preference of \$100 per share	106,450	106,450	106,450
Common stock, \$0.10 par value per share; 100,000,000 shares authorized; 68,889,376 shares issued and outstanding, actual;	6,889	7,924	7,924

Edgar Filing: NATIONWIDE HEALTH PROPERTIES INC - Form 424B5

79,239,376 shares issued and outstanding pro forma and pro forma as adjusted(4)			
Capital in excess of par value	911,429	1,121,883	1,121,883
Cumulative net income	906,789	906,789	906,789
Cumulative dividends	(1,220,043)	(1,220,043)	(1,220,043)
	801,563	1,013,052	1,013,052
Total stockholders equity			
Total capitalization	\$ 2,002,375	\$ 2,433,430	\$ 2,436,430

(1) Borrowings under the Credit Facility were approximately \$340 million at July 11, 2006. We intend to use approximately \$197 million of the net proceeds of this offering to repay a portion of the Credit Facility.

S-5

Table of Contents

(2) In connection with the Acquisition, we borrowed \$200 million under the Bridge Facility to finance a portion of the purchase price for the Acquisition. These borrowings have a maturity date of September 12, 2006. We intend to repay \$150 million of the borrowings under the Bridge Facility with a portion of the net proceeds of this offering and the remainder at maturity with additional borrowings under the Credit Facility.

(3) Reflects the assumption of approximately \$20 million in secured debt from Hearthstone in the Acquisition.

(4) Excludes:

up to 4,190,400 shares of our common stock issuable pursuant to a sales agreement with Cantor Fitzgerald & Co. to sell up to 5,000,000 shares of our common stock from time to time through a controlled equity offering program;

648,837 shares of our common stock issuable upon exercise of options outstanding as of March 31, 2006, at a weighted average exercise price of \$19.07 per share, of which 575,629 were exercisable as of March 31, 2006; and

2,917,697 shares of our common stock available for future grant under our stock option and restricted stock plans as of March 31, 2006.

Table of Contents**Ratio of earnings to fixed charges**

The following table sets forth our ratios of earnings to fixed charges for the periods indicated:

on an actual basis; and

on a pro forma basis giving effect to the Acquisition, the Equity Issuance and the issuance and sale of our notes being offered by this prospectus supplement and the accompanying prospectus and the application of the net proceeds from this offering.

In computing the ratio of earnings to fixed charges, earnings have been based on consolidated income from continuing operations before fixed charges (exclusive of capitalized interest). Fixed charges consist of interest on debt, including amounts capitalized, an estimate of interest in rental expense, and interest expense related to the guaranteed debt of the partnerships and limited liability companies in which we hold an interest.

	For the Year Ended December 31,					For the Three Months ended March 31,		
	Actual					Pro Forma	Actual	Pro Forma
	2001	2002	2003	2004	2005	2005	2006	2006
Ratio of Earnings to Fixed Charges	1.95	1.66	1.89	2.18	2.07	2.00	2.06	2.00

Table of Contents**Summary consolidated financial data**

The following table presents summary consolidated financial data. Certain of this financial data has been derived from our unaudited condensed consolidated financial statements included in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 and our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2005 and should be read in conjunction with these consolidated financial statements and accompanying notes and with Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Quarterly Report on Form 10-Q and our Annual Report on Form 10-K, both incorporated by reference herein. Operating results for the quarter ended March 31, 2006 are not necessarily indicative of the operating results to be expected for the year ending December 31, 2006.

(in thousands)	Years ended December 31,			Three Months Ended March 31,	
	2003	2004	2005	2005	2006
					(unaudited)
Operating data:					
Revenues	\$ 154,851	\$ 179,388	\$ 216,477	\$ 49,347	\$ 60,557
Income from continuing operations	\$ 51,601	\$ 66,379	\$ 71,550	\$ 18,794	\$ 20,373
Discontinued operations(1)	1,841	8,443	(1,609)	(5,433)	7,700
Net income	53,442	74,822	69,941	13,361	28,073
Preferred stock dividends	(7,677)	(11,802)	(15,622)	(3,982)	(3,791)
Preferred stock redemption charge			(795)		
Income available to common stockholders	\$ 45,765	\$ 63,020	\$ 53,524	\$ 9,379	\$ 24,282
Dividends paid on common stock	\$ 88,566	\$ 99,666	\$ 100,179	\$ 25,035	\$ 26,280

	At December 31,			At March 31,	
	2003	2004	2005	2005	2006
					(unaudited)
Balance sheet data:					
Cash and cash equivalents	\$ 10,726	\$ 8,473	\$ 10,005	\$ 9,184	\$ 12,399
Investments in real estate, net	1,317,969	1,637,390	1,786,075	1,683,712	1,959,059
Total assets	1,384,555	1,710,111	1,867,220	1,750,991	2,063,713
Borrowings under Credit Facility(2)	63,000	186,000	224,000	246,000	335,000
Borrowings under Bridge Facility(3)					
Senior notes due 2006-2038	540,750	470,000	570,225	452,000	570,225
Notes and bonds payable	133,775	187,409	236,278	194,988	293,762
Stockholders' equity	602,407	815,826	781,032	804,650	801,563

- (1) Discontinued operations is equal to the sum of the line items gain/(loss) on sale of facilities plus income/(loss) from discontinued operations from our consolidated financial statements.
- (2) At July 11, 2006, the aggregate amount outstanding under the Credit Facility was approximately \$340 million.
- (3) At July 11, 2006, the aggregate amount outstanding under the Bridge Facility was approximately \$200 million.

S-8

Table of Contents

Unaudited pro forma consolidated financial data

The following unaudited pro forma consolidated financial data has been derived by the application of pro forma adjustments to the historical consolidated financial statements of NHP and Hearthstone for the year ended December 31, 2005 and as of and for the quarter ended March 31, 2006. The historical consolidated data with respect to Hearthstone for the year ended December 31, 2005 has been derived from Hearthstone's audited financial information. The historical consolidated data with respect to Hearthstone for the quarter ended March 31, 2006 has been derived from unaudited financial data. The unaudited pro forma consolidated statements of income give effect to the Acquisition, the Equity Issuance and the long-term financing of the Acquisition as if they had occurred on January 1, 2005. The unaudited pro forma balance sheet gives effect to the Acquisition, the Equity Issuance and the long-term financing of the Acquisition as if they had occurred on March 31, 2006. The long-term financing of the Acquisition for purposes of the following pro forma consolidated financial data consists of the net proceeds from the Equity Issuance of approximately \$211.5 million, the issuance and sale of \$350.0 million aggregate principal amount of notes being offered by this prospectus supplement and the accompanying prospectus, and the assumption of approximately \$20 million in secured debt from Hearthstone. The actual amount of net proceeds we receive in this offering may be different from the amounts assumed in the following pro forma financial data. We expect to use the proceeds from this debt offering to reduce amounts outstanding under the Credit Facility by \$197 million and the Bridge Facility by \$150 million. See Use of Proceeds.

Assumptions underlying the pro forma adjustments necessary to present fairly this pro forma data are described in the accompanying notes, which should be read in conjunction with this pro forma consolidated financial data. The pro forma adjustments described in the accompanying notes have been made based on available information and, in the opinion of management, are reasonable. The pro forma consolidated financial data should not be considered indicative of actual results that would have been achieved had the transactions occurred on the respective dates indicated and do not purport to indicate results of operations as of any future date or for any future period. We cannot assure you that the assumptions used in the preparation of the pro forma consolidated financial data will prove to be correct.

The Acquisition will be accounted for using the purchase method as prescribed by Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations, with intangible assets, if any, to be recorded in accordance with SFAS No. 142, Goodwill and Other Intangible Assets. The total cost of the Acquisition has been allocated entirely to the real estate to be acquired for purposes of the following pro forma consolidated financial information. The excess of the purchase price over the fair values of the net assets acquired, if any, will be allocated to goodwill. The final purchase price allocation and the resulting effect on income from operations may differ from the pro forma amounts reported herein.

The unaudited pro forma consolidated statements of income include interest expense from the issuance of the notes offered hereby, rather than the lower rate that would be available under each of the Credit Facility and the Bridge Facility.

Table of Contents

Nationwide Health Properties, Inc.
Unaudited pro forma consolidated statement of income
for the year ended December 31, 2005

(in thousands except per share amounts)	Historical NHP	Historical Hearthstone	Acquisition pro forma adjustments	Pro forma	Offering adjustments	Pro forma as adjusted
Revenues:						
Rental Income	\$ 206,031	\$				