

NATIONAL HEALTH INVESTORS INC
Form 10-Q
August 04, 2011

**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 June 30, 2011

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 001-10822

National Health Investors, Inc.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

222 Robert Rose Drive,
Murfreesboro, Tennessee
(Address of principal executive
offices)

62-1470956
(I.R.S. Employer Identification No.)

37129
(Zip Code)

(615) 890-9100
(Registrant's telephone number, including area code)

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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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

There were 27,715,253 shares of common stock outstanding of the registrant as of August 2, 2011.

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NATIONAL HEALTH INVESTORS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands except share and per share amounts)

	June 30, 2011		December 31, 2010
	<i>(unaudited)</i>		
Assets:			
Real estate properties:			
Land	\$ 44,368	\$	42,493
Buildings and improvements	434,309		420,704
	478,677		463,197
Less accumulated depreciation	(141,375)		(135,543)
Real estate properties, net	337,302		327,654
Mortgage notes receivable, net	76,516		75,465
Investment in preferred stock, at cost	38,132		38,132
Cash and cash equivalents	21,901		2,664
Marketable securities	10,372		22,476
Accounts receivable, net	323		471
Straight-line rent receivable	6,783		4,928
Assets held for sale, net	29,381		36,853
Deferred costs and other assets	1,249		698
Total Assets	\$ 521,959	\$	509,341
Liabilities and Stockholders' Equity:			
Debt	\$ 48,750	\$	37,765
Real estate purchase liability	4,000		4,000
Accounts payable and accrued expenses	3,268		3,388
Dividends payable	17,041		16,752
Deferred income	1,480		1,461
Earnest money deposit	-		3,475
Total Liabilities	74,539		66,841

Commitments and Contingencies

Stockholders' Equity

Common stock, \$.01 par value; 40,000,000 shares
authorized; 27,709,611 and

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27,689,392 shares issued and outstanding, respectively		277		277
Capital in excess of par value		465,236		462,392
Cumulative dividends in excess of net income		(25,372)		(35,499)
Unrealized gains on marketable securities		7,279		15,330
Total Stockholders' Equity		447,420		442,500
Total Liabilities and Stockholders' Equity	\$	521,959	\$	509,341

The accompanying notes to condensed consolidated financial statements are an integral part of these condensed consolidated financial statements. The Condensed Consolidated Balance Sheet at December 31, 2010 was derived from the audited consolidated financial statements at that date.

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NATIONAL HEALTH INVESTORS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands except share and per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
	<i>(unaudited)</i>		<i>(unaudited)</i>	
Revenues:				
Rental income	\$ 18,646	\$ 17,500	\$ 37,667	\$ 35,687
Mortgage interest income	1,634	1,602	3,230	3,597
	20,280	19,102	40,897	39,284
Expenses:				
Depreciation	2,947	2,786	5,832	5,309
Legal expense	141	174	329	455
Franchise, excise and other taxes	198	252	556	530
General and administrative	1,289	1,331	5,063	5,137
Loan and realty recoveries	-	(573)	-	(573)
	4,575	3,970	11,780	10,858
Income before non-operating income	15,705	15,132	29,117	28,426
Investment income and other	9,790	1,285	11,202	2,717
Interest expense and amortization of loan costs, net of				
change in fair value of interest rate swap agreement (Note 7)	(1,589)	(474)	(848)	(702)
Income from continuing operations	23,906	15,943	39,471	30,441
Discontinued operations				
Income from operations - discontinued	1,211	1,242	2,440	2,687
Gain on sale of real estate	-	2,004	2,299	2,004
Income from discontinued operations	1,211	3,246	4,739	4,691
Net income	\$ 25,117	\$ 19,189	\$ 44,210	\$ 35,132
Weighted average common shares outstanding:				
Basic	27,708,136	27,665,629	27,702,432	27,649,003
Diluted	27,799,616	27,729,034	27,797,863	27,705,257
Earnings per common share:				
Basic:				
Income from continuing operations	\$.86	\$.57	\$ 1.42	\$ 1.10
Discontinued operations	.04	.12	.17	.17
Net income per common share	\$.90	\$.69	\$ 1.59	\$ 1.27
Diluted:				

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Income from continuing operations	\$.86	\$.57	\$	1.42	\$	1.10
Discontinued operations		.04		.12		.17		.17
Net income per common share	\$.90	\$.69	\$	1.59	\$	1.27

The accompanying notes to condensed consolidated financial statements are an integral part of these condensed consolidated financial statements.

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NATIONAL HEALTH INVESTORS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	2011	Six Months Ended June 30,		2010
		<i>(unaudited)</i>		
Cash flows from operating activities:				
Net income	\$	44,210	\$	35,132
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation		5,832		5,452
Straight-line rent adjustment		(1,855)		(1,429)
Non-cash interest income on construction loan		(488)		(33)
Provision for loan and realty recoveries		-		(573)
Gain on sale of real estate		(2,299)		(2,004)
Net realized gains on sales of marketable securities		(8,809)		-
Share-based compensation		2,645		2,038
Increase in fair value of interest rate swap agreement		(266)		-
Change in operating assets and liabilities:				
Accounts receivable		148		(22)
Deferred costs and other assets		(285)		(347)
Accounts payable and accrued expenses		(120)		114
Deferred income		19		575
Net cash provided by operating activities		38,732		38,903
Cash flows from investing activities:				
Investment in mortgage notes receivable		(3,367)		(8,589)
Collection of mortgage notes receivable		2,804		4,760
Investment in real estate properties		(15,480)		(88,475)
Receipt of earnest money deposits		525		3,175
Proceeds from disposition of real estate properties		5,771		6,247
Proceeds from sales of marketable securities		12,862		-
Net cash provided by (used in) investing activities		3,115		(82,882)
Cash flows from financing activities:				
Net change in borrowings under a revolving credit facility		(37,765)		43,823
Borrowings on term loan		50,000		-
Principal payments on term loan		(1,250)		-
Stock options exercised		199		38

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Dividends paid to stockholders	(33,794)		(33,856)
Net cash (used in) provided by financing activities	(22,610)		10,005
Increase (decrease) in cash and cash equivalents	19,237		(33,974)
Cash and cash equivalents, beginning of period	2,664		45,718
Cash and cash equivalents, end of period	\$ 21,901	\$	11,744

The accompanying notes to condensed consolidated financial statements are an integral part of these condensed consolidated financial statements.

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