

NATIONAL HEALTH INVESTORS INC

Form 10-Q

November 04, 2013

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 September 30, 2013

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)

62-1470956

(I.R.S. Employer Identification No.)

222 Robert Rose Drive, Murfreesboro, Tennessee

(Address of principal executive offices)

(615) 890-9100

(Registrant's telephone number, including area code)

37129

(Zip 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 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 27,876,176 shares of common stock outstanding of the registrant as of November 1, 2013.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	September 30, 2013 (unaudited)	December 31, 2012
Assets:		
Real estate properties:		
Land	\$70,844	\$58,869
Buildings and improvements	854,915	636,994
Construction in progress	19,469	2,673
	945,228	698,536
Less accumulated depreciation	(177,820)	(163,146)
Real estate properties, net	767,408	535,390
Mortgage and other notes receivable, net	59,367	84,250
Investment in preferred stock, at cost	38,132	38,132
Cash and cash equivalents	7,450	9,172
Marketable securities	13,577	12,884
Straight-line rent receivable	16,778	12,370
Equity-method investment and other assets	14,402	12,172
Assets held for sale, net	—	1,611
Total Assets	\$917,114	\$705,981
Liabilities and Equity:		
Debt	\$391,362	\$203,250
Real estate purchase liabilities	5,856	4,256
Accounts payable and accrued expenses	7,809	4,301
Dividends payable	20,489	24,793
Deferred income	1,185	1,334
Total Liabilities	426,701	237,934
Commitments and Contingencies		
National Health Investors Stockholders' Equity:		
Common stock, \$.01 par value; 40,000,000 shares authorized; 27,876,176 and 27,857,217 shares issued and outstanding, respectively	279	279
Capital in excess of par value	470,892	467,843
Cumulative dividends in excess of net income	(439)	(18,495)
Accumulated other comprehensive income	8,970	7,555
Total National Health Investors Stockholders' Equity	479,702	457,182
Noncontrolling interest	10,711	10,865
Total Equity	490,413	468,047
Total Liabilities and Equity	\$917,114	\$705,981

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, 2012 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 September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(unaudited)		(unaudited)	
Revenues:				
Rental income	\$28,817	\$21,116	\$78,879	\$61,333
Interest income from mortgage and other notes	1,936	1,879	5,877	5,428
Investment income and other	1,040	1,348	3,156	3,462
	31,793	24,343	87,912	70,223
Expenses:				
Depreciation	5,732	5,791	14,705	12,350
Interest	3,290	854	6,011	2,176
Legal	55	205	621	424
Franchise, excise and other taxes	80	271	316	626
General and administrative	1,757	1,639	7,171	6,018
Loan and realty (recoveries) losses, net	(2,061)	2,300	1,976	2,300
	8,853	11,060	30,800	23,894
Income before equity-method investee, investment and other gains,				
discontinued operations and noncontrolling interest	22,940	13,283	57,112	46,329
Income from equity-method investee	178	—	269	—
Investment and other gains	—	—	—	30
Income from continuing operations	23,118	13,283	57,381	46,359
Discontinued operations				
Income from operations - discontinued	562	1,068	2,321	3,269
Gain on sale of real estate	19,370	—	19,370	—
Income from discontinued operations	19,932	1,068	21,691	3,269
Net income	43,050	14,351	79,072	49,628
Less: net income attributable to noncontrolling interest	(306)	—	(664)	—
Net income attributable to common stockholders	\$42,744	\$14,351	\$78,408	\$49,628
Weighted average common shares outstanding:				
Basic	27,876,176	27,830,311	27,872,805	27,799,750
Diluted	27,905,545	27,862,582	27,906,914	27,828,879
Earnings per common share:				
Basic:				
Income from continuing operations attributable to common stockholders	\$.82	\$.48	\$2.03	\$1.66
Discontinued operations	.71	.04	.78	.12
Net income per common share attributable to common stockholders	\$1.53	\$.52	\$2.81	\$1.78
Diluted:				
Income from continuing operations attributable to common stockholders	\$.82	\$.48	\$2.03	\$1.66
Discontinued operations	.71	.04	.78	.12

Net income per common share attributable to common stockholders	\$1.53	\$.52	\$2.81	\$1.78
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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 COMPREHENSIVE INCOME
 (in thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
	(unaudited)		(unaudited)	
Net income	\$43,050	\$14,351	\$79,072	\$49,628
Other comprehensive income:				
Change in unrealized gains on securities	(627	) (1,336	) 693	567
Less: reclassification adjustment for gains in net income	—	—	—	(30
Increase (decrease) in fair value of cash flow hedge	(384	) (436	) 722	(1,343
Total other comprehensive income (loss)	(1,011	) (1,772	) 1,415	(806
Comprehensive income	42,039	12,579	80,487	48,822
Less: comprehensive income attributable to noncontrolling interest	(306	) —	(664) —
Comprehensive income attributable to common stockholders	\$41,733	\$12,579	\$79,823	\$48,822

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)

	Nine Months Ended September 30,	
	2013	2012
	(unaudited)	
Cash flows from operating activities:		
Net income	\$79,072	\$49,628
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	14,705	12,653
Amortization	226	238
Straight-line rental income	(4,408	) (2,325
Write-off of debt issuance costs	353	—
Loan and realty (recoveries) losses, net	1,976	2,300
Gain on sale of real estate	(19,370) —
Net realized gains on sales of marketable securities	—	(30
Share-based compensation	2,086	1,924
Income from equity-method investee	(269) —
Change in operating assets and liabilities:		
Equity-method investment and other assets	(307	) 358
Accounts payable and accrued expenses	498	(712
Deferred income	(149	) (299
Net cash provided by operating activities	74,413	63,735
Cash flows from investing activities:		
Investment in mortgage and other notes receivable	(9,713	) (5,797
Collection of mortgage and other notes receivable	18,879	2,844
Investment in real estate	(134,074	) (77,740
Investment in real estate development	(7,883) —
Investment in renovations of existing real estate	(5,323) —
Investment in unconsolidated entity	—	(8,309
Payment of real estate purchase liability	—	(3,000
Proceeds from disposition of real estate properties	20,981	—
Proceeds from sales of marketable securities	—	125
Net cash used in investing activities	(117,133	) (91,877
Cash flows from financing activities:		
Net change in borrowings under revolving credit facilities	127,000	(42,300
Borrowings on term loan	80,000	120,000
Repayment of term loan	(80,000)