

NATIONAL HEALTH INVESTORS INC
Form 10-Q
August 07, 2009

**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, 2009

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)

37129

(Zip Code)

(615) 890-9100

(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 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 27,589,382 shares of common stock outstanding of the registrant as of July 31, 2009.

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

	June 30, 2009	December 31, 2008
	<i>(unaudited)</i>	
Assets		
Real estate properties:		
Land	\$ 27,477	\$ 26,310
Buildings and improvements	323,945	284,596
	351,422	310,906
Less accumulated depreciation	(133,466)	(129,574)
Real estate properties, net	217,956	181,332
Mortgage notes receivable, net	105,745	108,640
Investment in preferred stock, at cost	38,132	38,132
Cash and cash equivalents	65,254	100,242
Marketable securities	23,726	26,594
Accounts receivable, net	2,062	1,734
Assets held for sale, net	-	200
Deferred costs and other assets	348	232
Total Assets	\$ 453,223	\$ 457,106
Liabilities and Stockholders Equity		
Bonds payable	\$ 2,762	\$ 3,987
Accounts payable and accrued expenses	4,152	4,359
Dividends payable	15,171	19,030
Deferred income	661	115
Total Liabilities	22,746	27,491

Commitments and Contingencies

Stockholders' Equity

Common stock, \$.01 par value; 40,000,000 shares authorized; 27,583,100 and 27,580,319 shares, issued and outstanding, respectively

	276	276
Capital in excess of par value	459,612	458,911
Cumulative net income	866,846	836,382
Cumulative dividends	(907,082)	(876,742)
Unrealized gains on marketable securities	10,825	10,788
Total Stockholders' Equity	430,477	429,615
Total Liabilities and Stockholders' Equity	\$ 453,223	\$ 457,106

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, 2008 was derived from the audited consolidated financial statements at that date.

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,	
	2009	2008	2009	2008
	<i>(unaudited)</i>		<i>(unaudited)</i>	
Revenues:				
Rental income	\$ 13,487	\$ 13,835	\$ 27,516	\$ 26,797
Mortgage interest income	2,590	2,417	4,503	4,814
	16,077	16,252	32,019	31,611
Expenses:				
Interest	24	80	62	185
Depreciation	1,942	2,004	3,892	4,011
Amortization of loan costs	4	4	8	8
Legal expense	485	597	936	731
Franchise, excise, and other taxes	139	194	414	417
General and administrative	1,257	341	2,845	1,788
Loan and realty losses (recoveries)	-	-	(640)	-
	3,851	3,220	7,517	7,140
Income before non-operating income	12,226	13,032	24,502	24,471
Non-operating income (investment interest and other)	1,700	1,785	3,872	3,763
Income from continuing operations	13,926	14,817	28,374	28,234
Discontinued operations				
Income (loss) from operations - discontinued	1,489	(24)	2,090	(42)
Net income	\$ 15,415	\$ 14,793	\$ 30,464	\$ 28,192
Weighted average common shares outstanding:				
Basic	27,578,000	27,753,051	27,576,272	27,741,868
Diluted	27,592,050	27,777,291	27,587,139	27,781,858
Earnings per common share:				

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Basic:

Income from continuing operations	\$.50	\$.53	\$	1.03	\$	1.02
Discontinued operations		.05		-		.07		-
Net income per common share	\$	.55	\$	.53	\$	1.10	\$	1.02

Diluted:

Income from continuing operations	\$	.50	\$	.53	\$	1.03	\$	1.01
Discontinued operations		.05		-		.07		-
Net income per common share	\$	.55	\$	.53	\$	1.10	\$	1.01

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

NATIONAL HEALTH INVESTORS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Six Months Ended			2008	
	June 30,			2009	
	2009			2008	
	<i>(unaudited)</i>				
Cash flows from operating activities:					
Net income	\$	30,464	\$	28,192	
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation		3,892		4,047	
Impairment of real estate assets in discontinued operations		25		-	
Provision for loan and realty losses (recoveries)		(640)		-	
Gain on payoff of note receivable		(437)		-	
Realized (gain) loss on sale of marketable securities		(117)		264	
Deferred income		555		-	
Amortization of deferred income		(7)		(12)	
Share-based compensation		701		(61)	
Change in operating assets and liabilities:					
Accounts receivable		(328)		276	
Deferred costs and other assets		(116)		(213)	
Accounts payable and other accrued expenses		(1,207)		(622)	
Net cash provided by operating activities		32,785		31,871	
Cash flows from investing activities:					
Investment in mortgage note receivable		(3,901)		-	
Collection of mortgage notes receivable		4,895		29,928	
Prepayment of mortgage notes receivable		2,978		-	
Acquisition of property and equipment		(39,516)		(3)	
Proceeds from disposition of property and equipment		175		-	
Acquisitions of marketable securities		(274)		(56)	
Sales of marketable securities		3,294		14,100	
Net cash (used in) provided by investing activities		(32,349)		43,969	

Cash flows from financing activities:			
Principal payments on debt		(1,225)	(1,655)
Stock options exercised		-	245
Dividends paid to stockholders		(34,199)	(54,976)
Net cash (used in) financing activities		(35,424)	(56,386)
(Decrease) Increase in cash and cash equivalents		(34,988)	19,454
Cash and cash equivalents, beginning of period		100,242	75,356
Cash and cash equivalents, end of period	\$	65,254	\$ 94,810
Supplemental Information:			
Interest payments on bonds and notes payable	\$	63	\$ 213
Non-cash investing transactions:			
Real estate purchase guarantee	\$	1,000	\$ -
Discount on mortgage note receivable purchased	\$	1,132	\$ -

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

NATIONAL HEALTH INVESTORS, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY
(in thousands, except share and per share amounts)

	Common Stock		Capital in	Cumulative	Cumulative	Unrealized	Total
	Shares	Amount	Excess of	Income	Dividends	Gains (Losses) on Marketable Securities	Stockholders Equity
Balances at December 31, 2008	27,580,319	\$ 276	\$ 458,911	\$ 836,382	\$ (876,742)	\$ 10,788	\$ 429,615
Comprehensive income:							
Net income	-	-	-	30,464	-	-	30,464
Comprehensive income:							
Unrealized holding gain arising during period	-	-	-	-	-	37	37
Net gain recognized in other comprehensive income	-	-	-	-	-	37	37
Total comprehensive income	-	-	-	-	-	-	30,501
Stock options exercised	2,781	-	-	-	-	-	-
Share-based compensation	-	-	701	-	-	-	701
Cash dividends to common stockholders, \$1.10 per share	-	-	-	-	(30,340)	-	(30,340)

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Balances at June
30, 2009
(unaudited)

27,583,100	\$ 276	\$ 459,612	\$ 866,846	\$ (907,082)	\$ 10,825
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