

NATIONAL HEALTH INVESTORS INC
Form 10-Q
August 05, 2016
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, 2016

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) (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)

62-1470956

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

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 39,162,079 shares of common stock outstanding of the registrant as of August 3, 2016.

Table of Contents

	Page
<u>Part I. Financial Information</u>	
<u>Item 1. Financial Statements</u>	<u>3</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	<u>26</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk.</u>	<u>49</u>
<u>Item 4. Controls and Procedures.</u>	<u>50</u>
<u>Part II. Other Information</u>	
<u>Item 1. Legal Proceedings.</u>	<u>51</u>
<u>Item 1A. Risk Factors.</u>	<u>51</u>
<u>Item 6. Exhibits.</u>	<u>51</u>
<u>Signatures.</u>	<u>52</u>

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	June 30, 2016 (unaudited)	December 31, 2015
Assets:		
Real estate properties:		
Land	\$ 163,476	\$ 137,532
Buildings and improvements	2,156,763	1,945,323
Construction in progress	27,782	13,011
	2,348,021	2,095,866
Less accumulated depreciation	(281,963)	(259,059)
Real estate properties, net	2,066,058	1,836,807
Mortgage and other notes receivable, net	160,062	133,714
Cash and cash equivalents	3,876	13,286
Marketable securities	23,751	72,744
Straight-line rent receivable	62,034	59,777
Equity-method investment and other assets	19,673	15,544
Assets held for sale, net	—	1,346
Total Assets	\$ 2,335,454	\$ 2,133,218
Liabilities and Equity:		
Debt	\$ 1,072,835	\$ 914,443
Accounts payable and accrued expenses	26,235	19,397
Dividends payable	35,239	32,637
Lease deposit liabilities	21,275	21,275
Real estate purchase liabilities	750	750
Deferred income	477	2,256
Total Liabilities	1,156,811	990,758
Commitments and Contingencies		
National Health Investors Stockholders' Equity:		
Common stock, \$.01 par value; 60,000,000 shares authorized; 39,154,872 and 38,396,727 shares issued and outstanding, respectively	392	384
Capital in excess of par value	1,135,726	1,085,136
Cumulative net income in excess of dividends	27,379	19,862
Accumulated other comprehensive income	6,074	27,910
Total National Health Investors Stockholders' Equity	1,169,571	1,133,292
Noncontrolling interest	9,072	9,168
Total Equity	1,178,643	1,142,460
Total Liabilities and Equity	\$ 2,335,454	\$ 2,133,218

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, 2015 was derived from the audited consolidated financial statements at that date.

Table of Contents

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,	
	2016	2015	2016	2015
	(unaudited)		(unaudited)	
Revenues:				
Rental income	\$57,028	\$52,670	\$112,102	\$105,165
Interest income from mortgage and other notes	3,232	2,521	6,324	4,642
Investment income and other	944	1,122	1,796	2,257
	61,204	56,313	120,222	112,064
Expenses:				
Depreciation	14,695	13,004	28,429	26,017
Interest, including amortization of debt discount and issuance costs	10,666	9,287	20,928	17,699
Legal	124	75	250	179
Franchise, excise and other taxes	273	217	555	444
General and administrative	2,120	2,514	5,048	6,358
Loan and realty losses (recoveries)	14,726	(491)	14,726	(491)
	42,604	24,606	69,936	50,206
Income before equity-method investee, TRS tax benefit, investment and other gains and noncontrolling interest	18,600	31,707	50,286	61,858
Loss from equity-method investee	(57)	(283)	(460)	(513)
Income tax benefit attributable to taxable REIT subsidiary				