



**Supplemental Information**  
**September 30, 2010**

**National Health Investors, Inc.**  
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## DEFINITIONS

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# CORPORATE

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## DISCLAIMER

This Supplemental Information and other materials we have filed or may file with the Securities and Exchange Commission, as well as information included in oral statements made, or to be made, by our senior management contain certain “forward-looking” statements as that term is defined by the Private Securities Litigation Reform Act of 1995. All statements regarding our expected future financial position, results of operations, cash flows, funds from operations, continued performance improvements, ability to service and refinance our debt obligations, ability to finance growth opportunities, and similar statements including, without limitations, those containing words such as “may”, “will”, “believes”, “anticipates”, “expects”, “intends”, “estimates”, “plans”, and other similar expressions are forward-looking statements.

Forward-looking statements involve known and unknown risks and uncertainties that may cause our actual results in future periods to differ materially from those projected or contemplated in the forward-looking. Such risks and uncertainties include, among other things, the following risks, which are described in more detail under the heading “Risk Factors” in Item 1A in our Form 10-K for the year ended December 31, 2009:

- We depend on the operating success of our customers (facility operators) for collection of our revenues during this time of uncertain economic conditions and legislative healthcare reform in the U.S.;
- We are exposed to risks related to the recently enacted healthcare reform law and the effect that the law’s provisions will have on our tenants’ and mortgagees’ business;
- We are exposed to risk that our tenants and mortgagors may become subject to bankruptcy or insolvency proceedings;
- We are exposed to risks related to government regulations and the effect they have on our tenants’ and mortgagors’ business;
- We are exposed to risk that the cash flows of our tenants and mortgagors will be adversely affected by increased liability claims and general and professional liability insurance costs;
- We are exposed to risks related to environmental laws and the costs associated with the liability related to hazardous substances;
- We are exposed to the risk that we may not be indemnified by our lessees and mortgagors against future litigation;
- We depend on the success of future acquisitions and investments;
- We depend on the ability to reinvest cash in real estate investments in a timely manner and on acceptable terms;
- We may incur more debt and intend to replace our current credit facility with longer term debt in the future, which long term debt may be unavailable on terms acceptable to the Company;
- We are exposed to the risk that the illiquidity of real estate investments could impede our ability to respond to adverse changes in the performance of our properties;
- We are exposed to the risk that our assets may be subject to impairment charges;
- We depend on the ability to continue to qualify as a real estate investment trust;
- We have ownership limits in our charter with respect to our common stock and other classes of capital stock, and
- We are subject to certain provisions of Maryland law and our charter and bylaws that could hinder, delay or prevent a change in control transaction, even if the transaction involves a premium price for our common stock or our stockholders believe such transaction to be otherwise in their best interests.

In this Supplemental Information we refer to non-GAAP financial measures. These non-GAAP measures are not prepared in accordance with generally accepted accounting principles. A reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures is included in this presentation.

Throughout this presentation, certain abbreviations and acronyms are used to simplify the format. A list of definitions is provided at the end of this presentation to clarify the meaning of any reference that may be ambiguous.

## ANALYST COVERAGE

Stifel Nicolaus & Company, Inc.  
 J.J.B. Hilliard, W.L. Lyons, LLC  
 JMP Securities, LLC

## INVESTOR RELATIONS CONTACT

Roger R. Hopkins, CPA  
 rhopkins@nhinvestors.com  
 (615) 890-9100 ext. 108

## SENIOR MANAGEMENT

**W. Andrew Adams**  
 Chairman and Chief Executive Officer

**J. Justin Hutchens**  
 President and Chief Operating Officer

**Roger R. Hopkins, CPA**  
 Chief Accounting Officer

**Kristin S. Gaines**  
 Chief Credit Officer

## BOARD OF DIRECTORS

**W. Andrew Adams**  
 Chairman and Chief Executive Officer  
 National Health Investors, Inc.

**Robert A. McCabe, Jr.**  
 Chairman  
 Pinnacle Financial Partners

**Ted H. Welch**  
 Ted Welch Investments

**J. Justin Hutchens**  
 President and Chief Operating Officer  
 National Health Investors, Inc.

**Robert T. Webb**  
 President (Retired) and Founder  
 Webb's Refreshments, Inc.

## COMPANY PROFILE

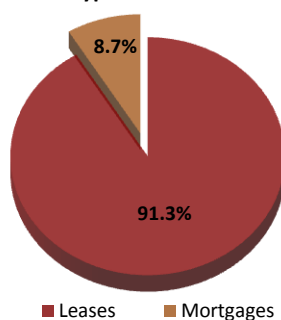
NATIONAL HEALTH INVESTORS, INC., a Maryland corporation incorporated in 1991, is a real estate investment trust ("REIT") which invests in income-producing health care properties primarily in the long-term care industry. Our mission is to invest in health care real estate assets which generate current income that will be distributed to stockholders. We have pursued this mission by acquiring properties to lease and making mortgage loans nationwide. These investments involve 120 health care properties in 23 states consisting of 81 skilled nursing facilities, 28 assisted living facilities, 4 medical office buildings, 4 independent living facilities, 1 acute psychiatric hospital, 1 acute care hospital and 1 transitional rehabilitation center. We have funded these investments in the past through three sources of capital: (1) current cash flow, including principal prepayments from our borrowers, (2) the sale of equity securities, and (3) debt offerings, including the issuance of convertible debt instruments, bank lines of credit, and ordinary term loans.

### Investor Snapshot as of September 30, 2010

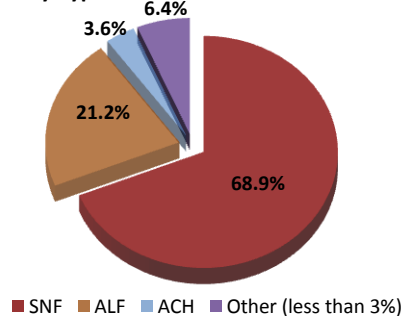
|                       |         |                            |                 |                               |                |
|-----------------------|---------|----------------------------|-----------------|-------------------------------|----------------|
| <b>Exchange:</b>      | NYSE    | <b>52 week Low/High:</b>   | \$29.73 \$46.06 | <b>Market Capitalization:</b> | \$1.22 billion |
| <b>Symbol:</b>        | NHI     | <b>Dividend/Yield:</b>     | \$2.42 5.49%    |                               |                |
| <b>Closing Price:</b> | \$44.06 | <b>Shares Outstanding:</b> | 27,689,392      |                               |                |

### Portfolio Revenue Snapshot as of September 30, 2010

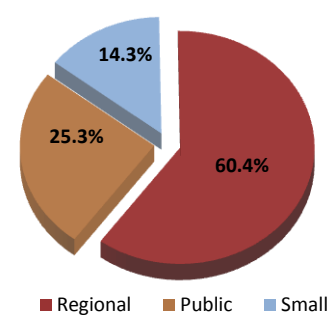
Investment Type



Facility Type

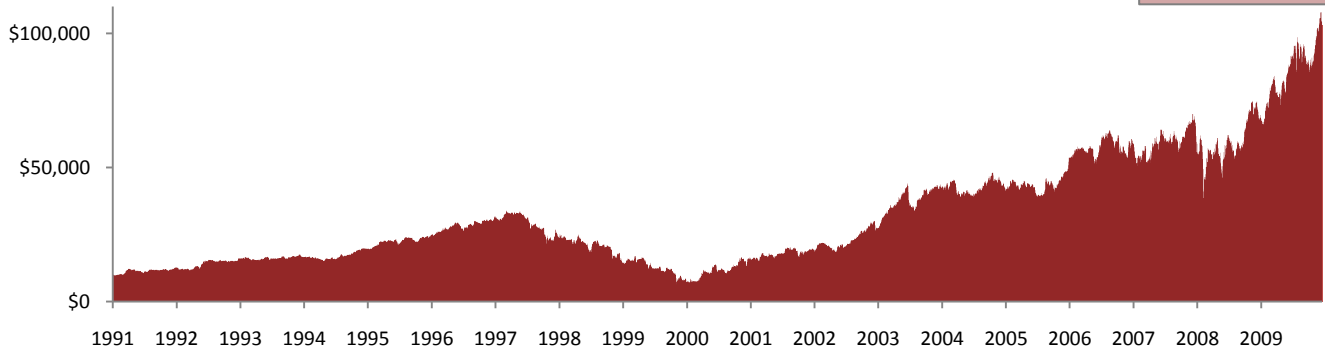


Operator Type



## LONG-TERM GROWTH

September 30, 2010  
\$103,160



Value of \$10,000 invested at inception on October 17, 1991; assumes dividend reinvestment

## VALUE CREATION

### Total Return\*

|                   | NHI    | S&P 500 | NAREIT |
|-------------------|--------|---------|--------|
| 1 year            | 48.44% | 10.16%  | 28.28% |
| 5 years           | 18.74% | 0.64%   | 1.14%  |
| 10 years          | 29.32% | -0.43%  | 9.90%  |
| 15 years          | 11.61% | 6.45%   | 9.68%  |
| Since inception** | 13.25% | 7.99%   | 10.18% |

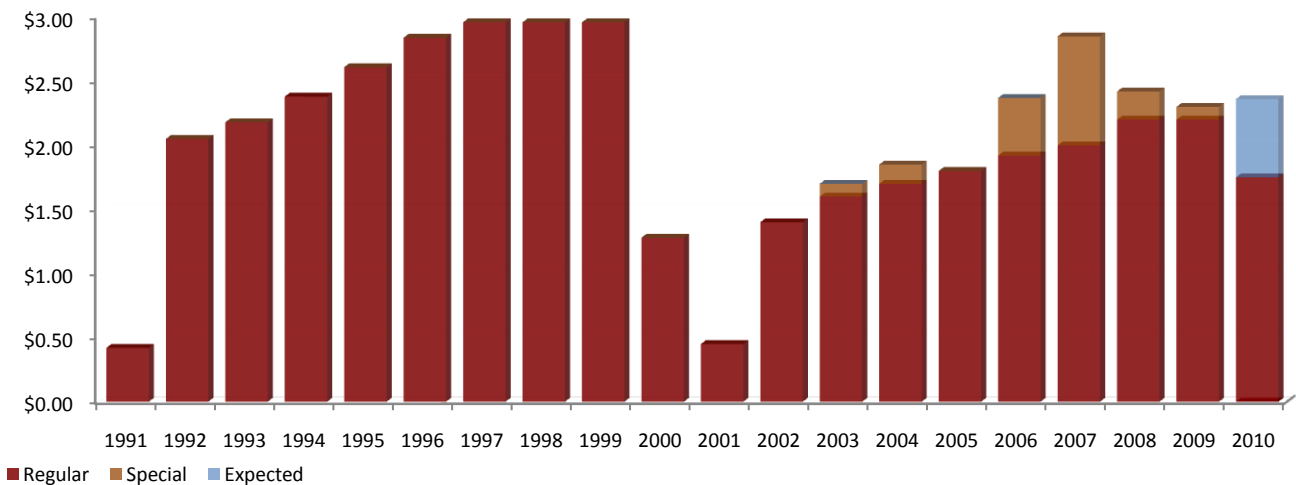
*S&P 500* – Standard & Poor’s index of 500 large-cap common stocks

*NAREIT* – FTSE NAREIT US Real Estate Index Series of all publicly traded REITs

\*assumes reinvestment of dividends

\*\*since inception of NHI in Oct. '91

## DIVIDEND HISTORY



The Board of Directors approves a regular quarterly dividend which is reflective of expected taxable income on a recurring basis. Company transactions that are infrequent and non-recurring that generate additional taxable income have been distributed to shareholders in the form of special dividends. Taxable income is determined in accordance with the IRS Code and is different than net income for financial statement purposes determined in accordance with accounting principles generally accepted in the U.S.

# FINANCIAL

## CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share amounts)

|  | September 30,<br>2010 | December 31,<br>2009 |
|--|-----------------------|----------------------|
| <b>Assets</b>  |                       |                      |
| Real estate properties:  |                       |                      |
| Land   | \$ 41,711             | \$ 28,490            |
| Buildings and improvements   | 416,490               | 322,296              |
|  | <b>458,201</b>        | 350,786              |
| Less accumulated depreciation  | (134,491)             | (126,925)            |
| Real estate properties, net  | <b>323,710</b>        | 223,861              |
| Mortgage notes receivable  | 73,734                | 94,588               |
| Investment in preferred stock, at cost   | 38,132                | 38,132               |
| Cash and cash equivalents  | 2,451                 | 45,718               |
| Marketable securities  | 20,854                | 21,322               |
| Accounts receivable, net   | 4,379                 | 2,189                |
| Assets held for sale, net  | 33,420                | 33,420               |
| Deferred costs and other assets  | 493                   | 130                  |
| Total Assets   | <b>\$ 497,173</b>     | <b>\$ 459,360</b>    |
| <b>Liabilities and Stockholders' Equity</b>  |                       |                      |
| Borrowings under revolving credit facility   | \$ 28,234             | \$ -                 |
| Earnest money deposit  | 3,400                 | 150                  |
| Deferred real estate purchase consideration  | 4,000                 | 3,000                |
| Accounts payable and accrued expenses  | 2,835                 | 2,754                |
| Dividends payable  | 16,752                | 17,959               |
| Deferred income  | 1,446                 | 885                  |
| Total Liabilities  | <b>56,667</b>         | 24,748               |
| Commitments and Contingencies  |                       |                      |
| Stockholders' Equity   |                       |                      |
| Common stock, \$.01 par value; 40,000,000 shares authorized; 27,689,392 and 27,629,505 shares issued and outstanding, respectively | 277                   | 276                  |
| Capital in excess of par value   | 462,229               | 459,842              |
| Cumulative net income  | 953,077               | 900,611              |
| Cumulative dividends   | (988,779)             | (940,220)            |
| Unrealized gains on marketable securities  | 13,702                | 14,103               |
| Total Stockholders' Equity   | <b>440,506</b>        | 434,612              |
| Total Liabilities and Stockholders' Equity   | <b>\$ 497,173</b>     | <b>\$ 459,360</b>    |

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share and per share amounts)

|   | Three months ended<br>September 30, |               | Nine months ended<br>September 30, |               |
|---|-------------------------------------|---------------|------------------------------------|---------------|
|   | 2010                                | 2009          | 2010                               | 2009          |
| <b>Revenues:</b>                                |                                     |               |                                    |               |
| Rental income                                   | \$ 18,087                           | \$ 15,685     | \$ 54,066                          | \$ 40,461     |
| Mortgage interest income                        | 1,569                               | 2,568         | 5,166                              | 7,071         |
|   | <b>19,656</b>                       | <b>18,253</b> | <b>59,232</b>                      | <b>47,532</b> |
| <b>Expenses:</b>                                |                                     |               |                                    |               |
| Depreciation                                    | 2,871                               | 2,034         | 8,253                              | 5,362         |
| Legal   | 85                                  | 337           | 540                                | 1,272         |
| Franchise, excise and other taxes               | 64                                  | 135           | 594                                | 549           |
| General and administrative                      | 1,260                               | 1,194         | 6,397                              | 4,040         |
| Loan and realty losses (recoveries)             | -                                   | -             | (573)                              | (1,077)       |
|   | <b>4,280</b>                        | <b>3,700</b>  | <b>15,211</b>                      | <b>10,146</b> |
| Income before non-operating items               | 15,376                              | 14,553        | 44,021                             | 37,386        |
| Non-operating income                            | 1,241                               | 1,856         | 3,958                              | 5,291         |
| Interest expense and amortization of loan costs | (471)                               | (18)          | (1,173)                            | (86)          |
| Income from continuing operations               | 16,146                              | 16,391        | 46,806                             | 42,591        |
| Income from operations - discontinued           | 1,188                               | 1,082         | 3,656                              | 5,347         |
| Net gain on sale of real estate                 | -                                   | -             | 2,004                              | -             |
| Income from discontinued operations             | 1,188                               | 1,082         | 5,660                              | 5,347         |
| Net income                                      | \$ 17,334                           | \$ 17,473     | \$ 52,466                          | \$ 47,938     |
| Weighted average common shares outstanding:     |                                     |               |                                    |               |
| Basic   | 27,673,703                          | 27,589,161    | 27,657,236                         | 27,580,568    |
| Diluted   | 27,737,802                          | 27,642,237    | 27,716,105                         | 27,605,504    |
| Earnings per share:                             |                                     |               |                                    |               |
| Basic:  |                                     |               |                                    |               |
| Income from continuing operations               | \$ 0.58                             | \$ 0.59       | \$ 1.69                            | \$ 1.55       |
| Discontinued operations                         | 0.04                                | 0.04          | 0.20                               | 0.19          |
| Net income available to common stockholders     | \$ 0.62                             | \$ 0.63       | \$ 1.89                            | \$ 1.74       |
| Diluted:  |                                     |               |                                    |               |
| Income from continuing operations               | \$ 0.58                             | \$ 0.59       | \$ 1.69                            | \$ 1.55       |
| Discontinued operations                         | 0.04                                | 0.04          | 0.20                               | 0.19          |
| Net income available to common stockholders     | \$ 0.62                             | \$ 0.63       | \$ 1.89                            | \$ 1.74       |
| Dividends declared per common share             | \$ 0.605                            | \$ 0.55       | \$ 1.755                           | \$ 1.65       |

## FUNDS FROM OPERATIONS (FFO)

(in thousands, except share and per share amounts)

|   | Three months ended<br>September 30, |            | Nine months ended<br>September 30, |            |
|---|-------------------------------------|------------|------------------------------------|------------|
|   | 2010                                | 2009       | 2010                               | 2009       |
| <b>Net income</b>                                   | \$ 17,334                           | \$ 17,473  | \$ 52,466                          | \$ 47,938  |
| Real estate depreciation in continuing operations   | 2,693                               | 1,944      | 7,778                              | 5,232      |
| Real estate depreciation in discontinued operations | -                                   | 278        | 57                                 | 829        |
| Net gain on sale of real estate                     | -                                   | -          | (2,004)                            | -          |
| <b>Funds from operations</b>                        | \$ 20,027                           | \$ 19,695  | \$ 58,297                          | \$ 53,999  |
| Collection and recognition of past due rent         | -                                   | (2,654)    | (1,520)                            | (2,654)    |
| Recoveries of previous write-downs                  | -                                   | -          | (573)                              | (1,719)    |
| Recognition of deferred credits                     | -                                   | -          | -                                  | (1,493)    |
| Other one-time items                                | (2)                                 | (141)      | 248                                | (443)      |
| <b>Normalized FFO</b>                               | \$ 20,025                           | \$ 16,900  | \$ 56,452                          | \$ 47,690  |
| <b>Weighted average common shares outstanding:</b>  |                                     |            |                                    |            |
| Basic   | 27,673,703                          | 27,589,161 | 27,657,236                         | 27,580,568 |
| Diluted   | 27,737,802                          | 27,642,237 | 27,716,105                         | 27,605,504 |
| <b>FFO per share:</b>                               |                                     |            |                                    |            |
| Basic   | \$ 0.72                             | \$ 0.71    | \$ 2.11                            | \$ 1.96    |
| Diluted   | \$ 0.72                             | \$ 0.71    | \$ 2.10                            | \$ 1.96    |
| <b>Normalized FFO per share:</b>                    |                                     |            |                                    |            |
| Basic   | \$ 0.72                             | \$ 0.61    | \$ 2.04                            | \$ 1.73    |
| Diluted   | \$ 0.72                             | \$ 0.61    | \$ 2.04                            | \$ 1.73    |
| <b>FFO payout ratio:</b>                            |                                     |            |                                    |            |
| Dividends declared per common share                 | \$ 0.605                            | \$ 0.55    | \$ 1.755                           | \$ 1.65    |
| FFO per diluted share                               | \$ 0.72                             | \$ 0.71    | \$ 2.10                            | \$ 1.96    |
| FFO payout ratio                                    | 84%                                 | 77%        | 84%                                | 84%        |



## FUNDS AVAILABLE FOR DISTRIBUTION (FAD)

(in thousands, except share and per share amounts)

|   | Three months ended<br>September 30, |            | Nine months ended<br>September 30, |            |
|---|-------------------------------------|------------|------------------------------------|------------|
|   | 2010                                | 2009       | 2010                               | 2009       |
| <b>Net income</b>                                   | \$ 17,334                           | \$ 17,473  | \$ 52,466                          | \$ 47,938  |
| Real estate depreciation in continuing operations   | 2,693                               | 1,944      | 7,778                              | 5,232      |
| Real estate depreciation in discontinued operations | -                                   | 278        | 57                                 | 829        |
| Net gain on sale of real estate                     | -                                   | -          | (2,004)                            | -          |
| Straight-line lease revenue, net                    | (801)                               | (180)      | (2,359)                            | (274)      |
| Non-cash stock based compensation                   | 166                                 | 75         | 2,204                              | 776        |
| <b>Funds available for distribution</b>             | \$ 19,392                           | \$ 19,590  | \$ 58,142                          | \$ 54,501  |
| Collection and recognition of past due rent         | -                                   | (2,654)    | (1,520)                            | (2,654)    |
| Recoveries of previous write-downs                  | -                                   | -          | (573)                              | (1,719)    |
| Recognition of deferred credits                     | -                                   | -          | -                                  | (1,493)    |
| Other one-time items                                | (2)                                 | (141)      | 248                                | (443)      |
| <b>Normalized FAD</b>                               | \$ 19,390                           | \$ 16,795  | \$ 56,297                          | \$ 48,192  |
| <b>Weighted average common shares outstanding:</b>  |                                     |            |                                    |            |
| Basic   | 27,673,703                          | 27,589,161 | 27,657,236                         | 27,580,568 |
| Diluted   | 27,737,802                          | 27,642,237 | 27,716,105                         | 27,605,504 |
| <b>FAD per share:</b>                               |                                     |            |                                    |            |
| Basic   | \$ 0.70                             | \$ 0.71    | \$ 2.10                            | \$ 1.98    |
| Diluted   | \$ 0.70                             | \$ 0.71    | \$ 2.10                            | \$ 1.97    |
| <b>Normalized FAD per share:</b>                    |                                     |            |                                    |            |
| Basic   | \$ 0.70                             | \$ 0.61    | \$ 2.04                            | \$ 1.75    |
| Diluted   | \$ 0.70                             | \$ 0.61    | \$ 2.03                            | \$ 1.75    |
| <b>FAD payout ratio:</b>                            |                                     |            |                                    |            |
| Dividends declared per common share                 | \$ 0.605                            | \$ 0.55    | \$ 1.755                           | \$ 1.65    |
| FAD per diluted share                               | \$ 0.70                             | \$ 0.71    | \$ 2.10                            | \$ 1.97    |
| FAD payout ratio                                    | 86%                                 | 77%        | 84%                                | 84%        |

## EBITDA RECONCILIATION AND INTEREST COVERAGE RATIO

(in thousands)

|  | Three months ended<br>September 30, |                  | Nine months ended<br>September 30, |                  |
|--|-------------------------------------|------------------|------------------------------------|------------------|
|  | 2010                                | 2009             | 2010                               | 2009             |
| <b>Net income</b>                                      | <b>\$ 17,334</b>                    | <b>\$ 17,473</b> | <b>\$ 52,466</b>                   | <b>\$ 47,938</b> |
| Interest expense and amortization of loan costs        | 471                                 | 18               | 1,173                              | 86               |
| Franchise, excise and other taxes                      | 64                                  | 135              | 594                                | 549              |
| Depreciation in continuing operations                  | 2,871                               | 2,034            | 8,253                              | 5,362            |
| Depreciation in discontinued operations                | -                                   | 283              | 69                                 | 848              |
| <b>EBITDA</b>  | <b>\$ 20,740</b>                    | <b>\$ 19,943</b> | <b>\$ 62,555</b>                   | <b>\$ 54,783</b> |
| <b>Interest expense and amortization of loan costs</b> | <b>\$ 471</b>                       | <b>\$ 18</b>     | <b>\$ 1,173</b>                    | <b>\$ 86</b>     |
| <b>Interest Coverage Ratio</b>                         | <b>44</b>                           | <b>1,108</b>     | <b>53</b>                          | <b>637</b>       |

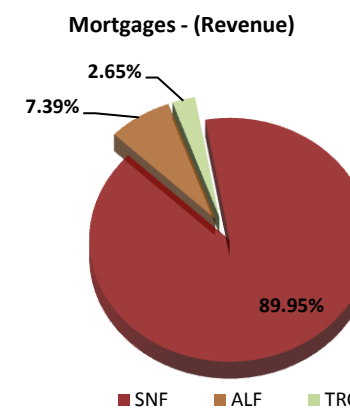
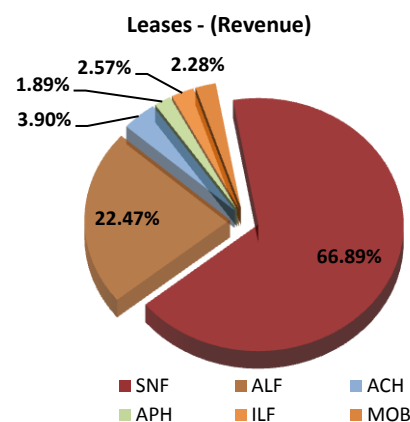
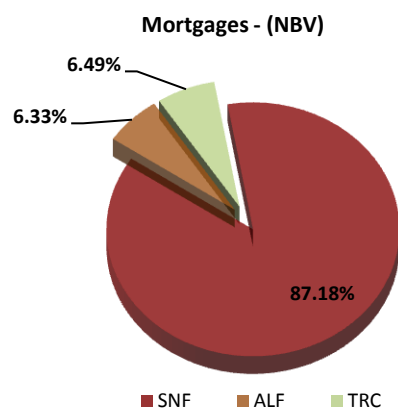
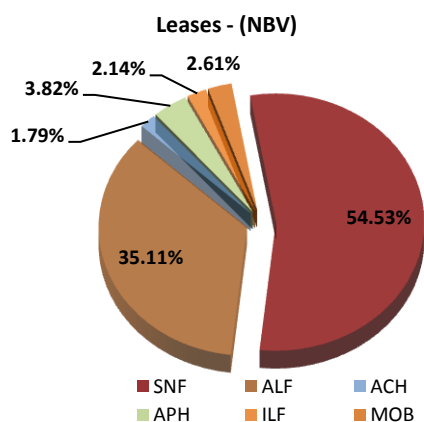
# PORTFOLIO

## PORTFOLIO SUMMARY as of September 30, 2010

|  | Properties | Beds/Units/<br>Sq. Ft. | Investment<br>(NBV)   | YTD Revenue          | % of<br>segment |
|--|------------|------------------------|-----------------------|----------------------|-----------------|
| <b>Leases</b>                          |            |                        |                       |                      |                 |
| Skilled Nursing <sup>(1)</sup>         | 51         | 6,858                  | \$ 176,104,000        | \$ 36,167,000        | 66.89%          |
| Assisted Living                        | 26         | 1,585                  | 113,385,000           | 12,149,000           | 22.47%          |
| Acute Care Hospitals                   | 1          | 55                     | 5,779,000             | 2,107,000            | 3.90%           |
| Acute Psychiatric Hospitals            | 1          | 66                     | 12,321,000            | 1,022,000            | 1.89%           |
| Independent Living                     | 4          | 456                    | 6,913,000             | 1,389,000            | 2.57%           |
| Medical Office Buildings               | 4          | 124,427                | 8,442,000             | 1,232,000            | 2.28%           |
| <b>Total Leases</b>                    | <b>87</b>  |                        | <b>\$ 322,944,000</b> | <b>\$ 54,066,000</b> | <b>100.00%</b>  |
| <br>                                   |            |                        |                       |                      |                 |
| (1) Skilled Nursing<br>NHC facilities* | 38         | 5,274                  | \$ 46,542,000         | \$ 25,623,000        | 47.39%          |
| All other facilities                   | 13         | 1,584                  | 129,562,000           | 10,544,000           | 19.50%          |
|  | 51         | 6,858                  | \$ 176,104,000        | \$ 36,167,000        | 66.89%          |

\* On October 17, 1991, the NHC facilities were transferred to NHI at their then current book value in a non-taxable exchange.

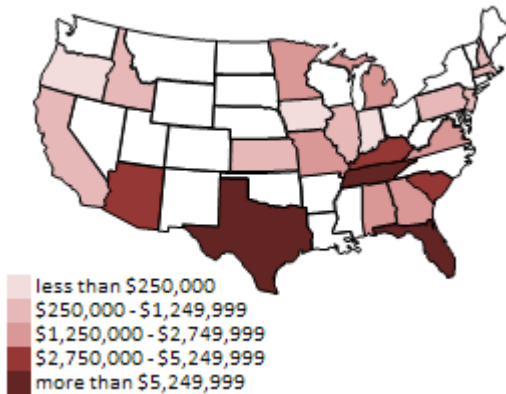
|                             | Properties | Beds/Units/<br>Sq. Ft. | Investment<br>(NBV)  | YTD Revenue         | % of<br>segment |
|-----------------------------|------------|------------------------|----------------------|---------------------|-----------------|
| <b>Mortgages</b>            |            |                        |                      |                     |                 |
| Skilled Nursing             | 30         | 3,061                  | \$ 64,167,000        | \$ 4,647,000        | 89.96%          |
| Assisted Living             | 2          | 146                    | 4,658,000            | 382,000             | 7.39%           |
| Transitional Rehabilitation | 1          | 70                     | 4,909,000            | 137,000             | 2.65%           |
| <b>Total Mortgages</b>      | <b>33</b>  | <b>3,277</b>           | <b>\$ 73,734,000</b> | <b>\$ 5,166,000</b> | <b>100.00%</b>  |



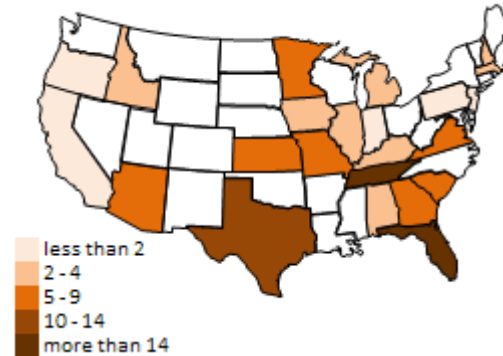
## GEOGRAPHIC DISTRIBUTION as of September 30, 2010

|                | SNF       | ALF       | MOB      | ILF      | ACH      | APH      | TRC      | Total      | YTD Revenue          |
|----------------|-----------|-----------|----------|----------|----------|----------|----------|------------|----------------------|
| Tennessee      | 20        | 3         | -        | 2        | -        | -        | -        | 25         | \$ 13,634,000        |
| Florida        | 10        | 4         | 1        | -        | -        | -        | -        | 15         | 11,251,000           |
| Texas          | 9         | -         | 2        | -        | -        | -        | -        | 11         | 6,145,000            |
| South Carolina | 4         | 1         | -        | -        | -        | -        | -        | 5          | 5,071,000            |
| Arizona        | 1         | 4         | -        | -        | -        | -        | 1        | 6          | 4,038,000            |
| Kentucky       | 2         | -         | -        | -        | 1        | -        | -        | 3          | 3,271,000            |
| Missouri       | 8         | -         | -        | 1        | -        | -        | -        | 9          | 2,223,000            |
| Michigan       | -         | 4         | -        | -        | -        | -        | -        | 4          | 1,835,000            |
| Minnesota      | -         | 5         | -        | -        | -        | -        | -        | 5          | 1,752,000            |
| Alabama        | 2         | -         | -        | -        | -        | -        | -        | 2          | 1,613,000            |
| Virginia       | 7         | -         | -        | -        | -        | -        | -        | 7          | 1,564,000            |
| Georgia        | 5         | -         | -        | -        | -        | -        | -        | 5          | 1,316,000            |
| New Jersey     | -         | 1         | -        | -        | -        | -        | -        | 1          | 1,029,000            |
| California     | -         | -         | -        | -        | -        | 1        | -        | 1          | 1,022,000            |
| Idaho          | 1         | -         | -        | 1        | -        | -        | -        | 2          | 688,000              |
| Massachusetts  | 4         | -         | -        | -        | -        | -        | -        | 4          | 662,000              |
| Illinois       | -         | 1         | 1        | -        | -        | -        | -        | 2          | 549,000              |
| Kansas         | 5         | -         | -        | -        | -        | -        | -        | 5          | 466,000              |
| New Hampshire  | 3         | -         | -        | -        | -        | -        | -        | 3          | 402,000              |
| Pennsylvania   | -         | 1         | -        | -        | -        | -        | -        | 1          | 302,000              |
| Iowa           | -         | 2         | -        | -        | -        | -        | -        | 2          | 181,000              |
| Indiana        | -         | 1         | -        | -        | -        | -        | -        | 1          | 146,000              |
| Oregon         | -         | 1         | -        | -        | -        | -        | -        | 1          | 72,000               |
|                | <b>81</b> | <b>28</b> | <b>4</b> | <b>4</b> | <b>1</b> | <b>1</b> | <b>1</b> | <b>120</b> | <b>\$ 59,232,000</b> |

YTD Revenue



Number of Facilities



## LEASE RENEWAL YEARS AND MORTGAGE MATURITIES as of September 30, 2010

|                                  | <u>2010</u>       | <u>2011</u>         | <u>2012</u>         | <u>2013</u>         | <u>2014</u>         | <u>2015 - 2018</u>  | <u>2019 - 2022</u>   | <u>Thereafter</u>    | <u>TOTALS</u>        |
|----------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| <b>Leases</b>                    |                   |                     |                     |                     |                     |                     |                      |                      |                      |
| Skilled Nursing                  |                   |                     |                     |                     |                     |                     |                      |                      |                      |
| Annualized Revenue               | \$ 276,000        | \$ 1,006,000        | \$ -                | \$ -                | \$ 6,507,000        | \$ 418,000          | \$ 33,679,000        | \$ 6,684,000         | \$ 48,570,000        |
| Properties                       | 1                 | 1                   | -                   | -                   | 6                   | 1                   | 38                   | 4                    | 51                   |
| Assisted Living                  |                   |                     |                     |                     |                     |                     |                      |                      |                      |
| Annualized Revenue               | -                 | 367,000             | -                   | 1,380,000           | -                   | 2,495,000           | 406,000              | 10,840,000           | 15,488,000           |
| Properties                       | -                 | 1                   | -                   | 1                   | -                   | 3                   | 1                    | 20                   | 26                   |
| Medical Office Buildings         |                   |                     |                     |                     |                     |                     |                      |                      |                      |
| Annualized Revenue               | -                 | 588,000             | -                   | 396,000             | -                   | 669,000             | -                    | -                    | 1,653,000            |
| Properties                       | -                 | 2                   | -                   | 1                   | -                   | 1                   | -                    | -                    | 4                    |
| Independent Living               |                   |                     |                     |                     |                     |                     |                      |                      |                      |
| Annualized Revenue               | -                 | 646,000             | -                   | -                   | -                   | -                   | 1,193,000            | -                    | 1,839,000            |
| Properties                       | -                 | 1                   | -                   | -                   | -                   | -                   | 3                    | -                    | 4                    |
| Acute Care Hospitals             |                   |                     |                     |                     |                     |                     |                      |                      |                      |
| Annualized Revenue               | -                 | -                   | 2,828,000           | -                   | -                   | -                   | -                    | -                    | 2,828,000            |
| Properties                       | -                 | -                   | 1                   | -                   | -                   | -                   | -                    | -                    | 1                    |
| Acute Psychiatric Hospitals      |                   |                     |                     |                     |                     |                     |                      |                      |                      |
| Annualized Revenue               | -                 | -                   | -                   | -                   | -                   | -                   | -                    | 1,828,000            | 1,828,000            |
| Properties                       | -                 | -                   | -                   | -                   | -                   | -                   | -                    | 1                    | 1                    |
| <b>Total Annualized Revenues</b> | <u>\$ 276,000</u> | <u>\$ 2,607,000</u> | <u>\$ 2,828,000</u> | <u>\$ 1,776,000</u> | <u>\$ 6,507,000</u> | <u>\$ 3,582,000</u> | <u>\$ 35,278,000</u> | <u>\$ 19,352,000</u> | <u>\$ 72,206,000</u> |
| <b>Mortgages</b>                 |                   |                     |                     |                     |                     |                     |                      |                      |                      |
| Skilled Nursing                  |                   |                     |                     |                     |                     |                     |                      |                      |                      |
| Annualized Revenue               | \$ -              | \$ 1,428,000        | \$ 963,000          | \$ 183,000          | \$ 1,010,000        | \$ 534,000          | \$ 161,000           | \$ 1,370,000         | \$ 5,649,000         |
| Properties                       | -                 | 7                   | 3                   | 1                   | 8                   | 5                   | -                    | 6                    | 30                   |
| Assisted Living                  |                   |                     |                     |                     |                     |                     |                      |                      |                      |
| Annualized Revenue               | -                 | -                   | -                   | -                   | 97,000              | 416,000             | -                    | -                    | 513,000              |
| Properties                       | -                 | -                   | -                   | -                   | 1                   | 1                   | -                    | -                    | 2                    |
| Transitional Rehabilitation      |                   |                     |                     |                     |                     |                     |                      |                      |                      |
| Annualized Revenue               | -                 | -                   | -                   | -                   | -                   | 328,000             | -                    | -                    | 328,000              |
| Properties                       | -                 | -                   | -                   | -                   | -                   | 1                   | -                    | -                    | 1                    |
| <b>Total Annualized Revenues</b> | <u>\$ -</u>       | <u>\$ 1,428,000</u> | <u>\$ 963,000</u>   | <u>\$ 183,000</u>   | <u>\$ 1,107,000</u> | <u>\$ 1,278,000</u> | <u>\$ 161,000</u>    | <u>\$ 1,370,000</u>  | <u>\$ 6,490,000</u>  |

## DEFINITIONS

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### Annualized Revenue

The term *Annualized Revenue* refers to the amount of revenue that our portfolio would generate if all leases and mortgages were in effect for the twelve-month calendar year, regardless of the commencement date, maturity date, or renewals. Therefore, annualized revenue is used for financial analysis purposes, and is not indicative of actual or expected results.

### Facility Types

ACH – Acute-care hospital

APH – Acute psychiatric hospital

MOB – Medical office building

TRC – Transitional rehabilitation center

ALF – Assisted living facility

ILF – Independent living facility

SNF – Skilled nursing facility

### Funds from operations - FFO

FFO is an important supplemental measure of operating performance for a REIT. Because the historical cost accounting convention used for real estate assets requires straight-line depreciation (except on land), such accounting presentation implies that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen and fallen with market conditions, presentations of operating results for a REIT that uses historical cost accounting for depreciation could be less informative, and should be supplemented with a measure such as FFO. FFO is defined as net income, computed in accordance with GAAP, excluding gains or losses from sales of property, and adding back real estate depreciation. The term FFO was designed by the REIT industry to address this issue. Our measure may not be comparable to similarly titled measures used by other REITs. Consequently, our FFO may not provide a meaningful measure of our performance as compared to that of other REITs. Since other REITs may not use our definition of FFO, caution should be exercised when comparing our Company's FFO to that of other REITs. FFO in and of itself does not represent cash generated from operating activities in accordance with GAAP (FFO does not include changes in operating assets and liabilities) and therefore should not be considered an alternative to net earnings as an indication of operating performance, or to net cash flow from operating activities as determined by GAAP as a measure of liquidity, and is not necessarily indicative of cash available to fund cash needs.

### Funds available for distribution - FAD

FAD is usually calculated by subtracting from Funds from Operations (FFO) both normalized recurring expenditures that are capitalized by the REIT and then amortized, but which are necessary to maintain a REIT's properties and its revenue stream (e.g., new carpeting and drapes in apartment units, leasing expenses and tenant improvement allowances) and "straight-lining" of rents. This calculation is sometimes referred to as Cash Available for Distribution (CAD) or Funds Available for Distribution (FAD). Our measure may not be comparable to similarly titled measures used by other REITs. Consequently, our FAD may not provide a meaningful measure of our performance as compared to that of other REITs. Since other REITs may not use our definition of FAD, caution should be exercised when comparing our Company's FAD to that of other REITs. FAD in and of itself does not represent cash generated from operating activities in accordance with GAAP (FAD does not include changes in operating assets and liabilities) and therefore should not be considered an alternative to net earnings as an indication of operating performance, or to net cash flow from operating activities as determined by GAAP as a measure of liquidity, and is not necessarily indicative of cash available to fund cash needs.

### Normalized FFO & Normalized FAD

Normalized FFO and Normalized FAD excludes from FFO and FAD, respectively, any material one-time items reflected in GAAP net income. Excluded items may include, but are not limited to, impairments of assets, gains and losses attributable to the acquisition and disposition of assets and liabilities, asset write-downs and recoveries of previous write-downs.

### Investment (NBV)

The term *Investment (NBV)* refers to the net carrying value of our real estate and mortgage investments.