



Driving Shareholder Value Through Selective Growth

May 2012
www.nhireit.com

HIGHLIGHTS

Healthcare REIT – 127 properties – 24 states
Total Return to Shareholders: 94.45% for the past 3 fiscal years.

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| <ul style="list-style-type: none"> ▪ Strong diversified portfolio ▪ Focus on need driven senior housing properties ▪ Attractive investment opportunities in the marketplace | <ul style="list-style-type: none"> ▪ Low leverage balance sheet ▪ Growing dividends annually since 2001 ▪ Increasing cash flow annually from lease escalators |
|--|--|

STRATEGY

- Focus on senior housing real estate with top-tier operators
- Prioritize direct referrals and growth with existing tenants over brokered deals
- Diversify portfolio with private pay and priority given to AL and newer SNF with high Private and Medicare potential
- Other investment opportunities: 2nd Mortgage Lending & Construction lending w/ purchase option

INVESTMENTS

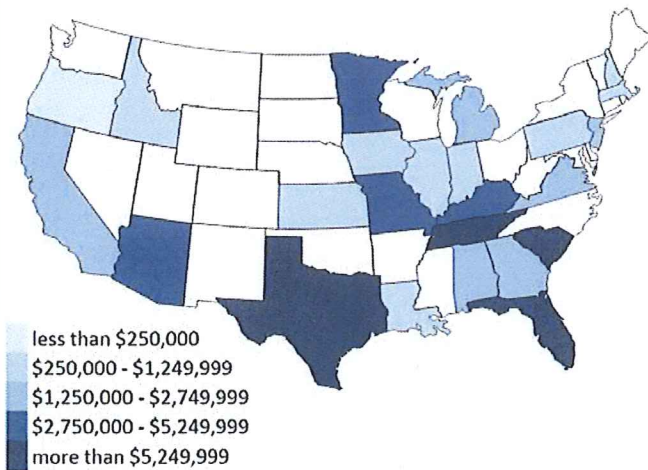
Investment Type	Asset Class	2011			2010			2009		
		Investment	WAIY ¹	Avg Mat.	Investment	WAIY ¹	Avg Mat.	Investment	WAIY ¹	Avg Mat.
Lease-back	SNF	\$ 55,278,000	9.00%	2026	\$ 67,000,000	9.25%	2014	\$ 55,550,000	10.00%	2024
Lease-back	AL/ALZ	20,400,000	8.50%	2024	43,050,000	9.73%	2024	28,250,000	9.50%	2025
2 nd Mortgage	SNF	700,000	21.00%	2013	5,000,000	14.10%	2015	-	-	-
2 nd Mortgage/Construction	AL/ALZ	2,500,000	13.00%	2014	-	-	-	850,000	12.00%	2014
Development construction	HOSP	21,500,000	10.00%	2027	-	-	-	-	-	-
Construction Loan	HOSP	-	-	-	13,870,000	10.00%	2015	-	-	-
Lease-back	HOSP	-	-	-	12,500,000	12.00%	2025	-	-	-
Mortgage	AL/ALZ	-	-	-	-	-	-	3,900,000	9.64% ²	2018
		<u>\$ 100,378,000</u>	<u>9.30%</u>	<u>2026</u>	<u>\$ 141,420,000</u>	<u>9.89%</u>	<u>2018</u>	<u>\$ 88,550,000</u>	<u>9.84%</u>	<u>2024</u>

¹ Weighted Average Investment Yield (Cash Yield)

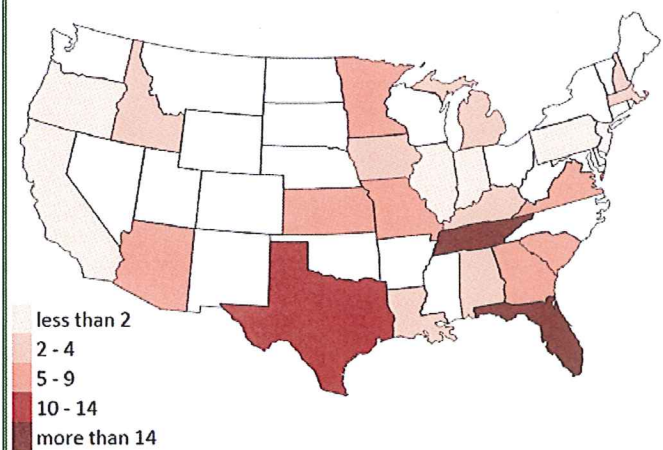
² \$5m mortgage purchased at a \$1.1m discount; stated borrower rate is 7.47%, initial cash yield is 9.64%, yield at maturity is 12.37%

GEOGRAPHIC DIVERSIFICATION

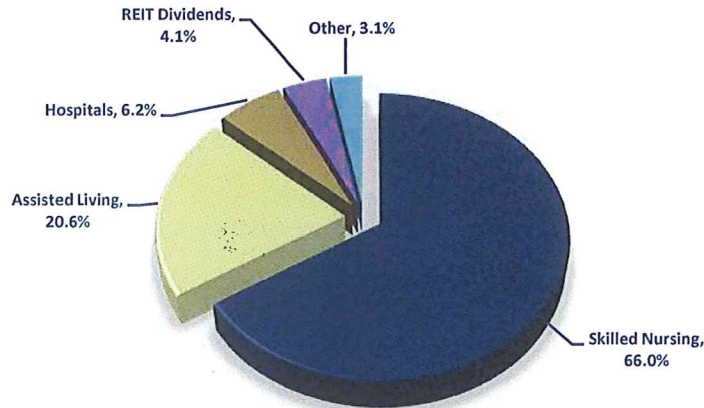
YTD Revenue



Number of Facilities

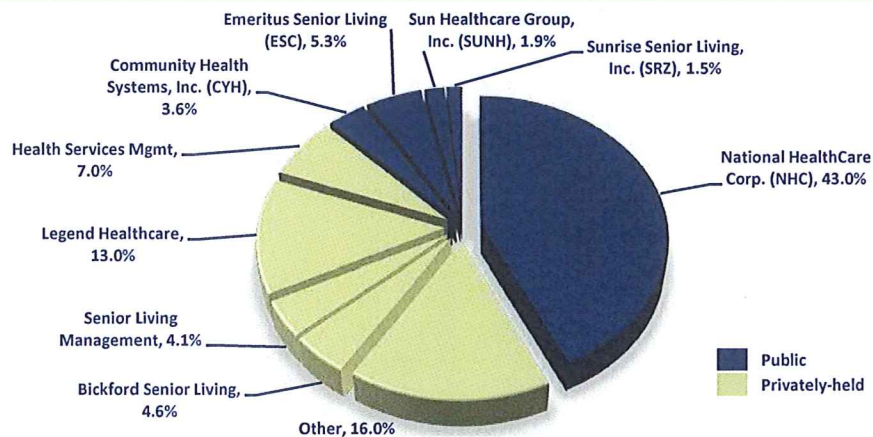


REVENUE BY INVESTMENT TYPE
Three Months Ended March 31, 2012



TENANT CONCENTRATION
Three Months Ended March 31, 2012

Diversified tenant mix with both public and privately-held companies



LARGEST TENANT – NHC

- Strongest Balance Sheet in the Senior-Housing public company operating space
- National HealthCare Corporation (“NHC”), a publicly-held company, founded in 1971, provides services to 75 long-term health care centers with 9,456 beds. NHC’s affiliates also operate 36 homecare programs, six independent living centers and 17 assisted living communities. NHC’s other services include Alzheimer’s units, long-term care pharmacies, hospice, a rehabilitation services company, and providing management and accounting services to third parties
- NHI is NHC’s only landlord

NHC financial highlights based on their most recent SEC filings
(in millions)

	2011	2010	2009
Revenue	\$ 773.5	\$ 720.7	\$ 673.2
EBITDAR	\$ 162.5	\$ 143.8	\$ 128.6
NHI Lease Service	\$ 36.0	\$ 35.2	\$ 34.8
Cash and Cash equivalents	\$ 61.0	\$ 28.5	\$ 39.0
Restricted cash	\$ 50.6	\$ 52.0	\$ 96.9
Marketable securities	\$ 85.1	\$ 85.1	\$ 71.3
Restricted marketable securities	\$ 83.6	\$ 70.9	\$ 19.4
Equity	\$ 611.7	\$ 561.1	\$ 525.8
Debt	\$ 10.0	\$ 10.0	\$ 10.0
Debt/Total Book Capitalization	1.61%	1.75%	1.87%

NHI CAPITALIZATION & LIQUIDITY

	Q1 2012	2011	2010	2009
Debt and Equity				
Debt	\$ 95.3	\$ 97.3	\$ 37.8	\$ -
Equity	445.6	443.5	442.5	434.6
Total Book Capitalization	<u>\$ 540.9</u>	<u>\$ 540.8</u>	<u>\$ 480.3</u>	<u>\$ 434.6</u>
Debt/Total Book Capitalization	17.6%	18.0%	7.9%	0.0%
Cash and Securities				
Cash and cash equivalents	\$ 6.9	\$ 15.9	\$ 2.7	\$ 45.7
Marketable securities	11.8	11.4	22.5	21.3
LTC preferred stock, at cost	38.1	38.1	38.1	38.1
Total cash and securities	<u>\$ 56.8</u>	<u>\$ 65.4</u>	<u>\$ 63.3</u>	<u>\$ 105.1</u>

FINANCIAL HIGHLIGHTS

	Q1 2012	2011	2010	2009
Revenues	\$ 24.1	\$ 97.4	\$ 83.2	\$ 72.4
Expenses	(6.9)	(24.6)	(21.3)	(16.4)
Other Income and Expenses ¹	1.2	8.3	7.5	8.2
Net Income	<u>\$ 18.4</u>	<u>\$ 81.1</u>	<u>\$ 69.4</u>	<u>\$ 64.2</u>
Normalized FFO per diluted share	\$0.77	\$2.88	\$2.76	\$2.33
Regular dividend per share	\$0.65	\$2.495	\$2.36	\$2.20
Special dividend per share		\$0.22		\$0.10
Dividend payout ratio ²	84.4%	86.6%	85.5%	94.4%

¹ Includes discontinued operations, loan and realty losses and recoveries of previous writedowns

² Regular dividend per share divided by Normalized FFO per diluted share

FFO RECONCILIATION

	Q1 2012	2011	2010	2009
Net Income	\$ 18.4	\$ 81.1	\$ 69.4	\$ 64.2
Real estate depreciation	3.0	11.0	10.3	7.1
Real estate depreciation in discontinued ops	-	-	0.2	1.3
Net gain on sale of real estate	-	(3.3)	(2.0)	-
Funds from operations ("FFO")	<u>\$ 21.4</u>	<u>\$ 88.8</u>	<u>\$ 77.9</u>	<u>\$ 72.6</u>
Collection and recognition of past due rent	-	-	(1.5)	(2.7)
Gains and recoveries on sales of marketable securities	-	(9.9)	-	(2.4)
Recoveries of previous write downs	-	(0.1)	(0.6)	(1.1)
Recognition of deferred credits	-	-	-	(1.5)
Expenses related to abandoned capital offering	-	-	0.4	-
Change in fair value and settlement of interest rate swap	-	1.2	-	-
Other items	-	0.2	0.3	(0.6)
Normalized FFO	<u>\$ 21.4</u>	<u>\$ 80.2</u>	<u>\$ 76.5</u>	<u>\$ 64.3</u>
Normalized FFO per diluted share	\$0.77	\$2.88	\$2.76	\$2.33
Weighted average shares outstanding – diluted	27,803,222	27,792,592	27,732,959	27,618,300