



Q3 2017 SUPPLEMENTAL



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Forward looking statements and risk factors:

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 risks which are described under the heading “Risk Factors” in Item 1A in our Form 10-K for the year ended December 31, 2016. 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. Unless otherwise noted, all amounts are unaudited and are as of or for the quarter ended September 30, 2017.

COVER: The Bedford, Operated by Holiday Retirement in Vancouver, WA

OVERVIEW

NATIONAL HEALTH INVESTORS, INC. (NYSE: NHI), is a real estate investment trust specializing in sale-leaseback, joint-venture, mortgage and mezzanine financing of need-driven and discretionary senior housing and medical investments. NHI's portfolio consists of independent, assisted and memory care communities, entrance-fee retirement communities, skilled nursing facilities, medical office buildings and specialty hospitals.

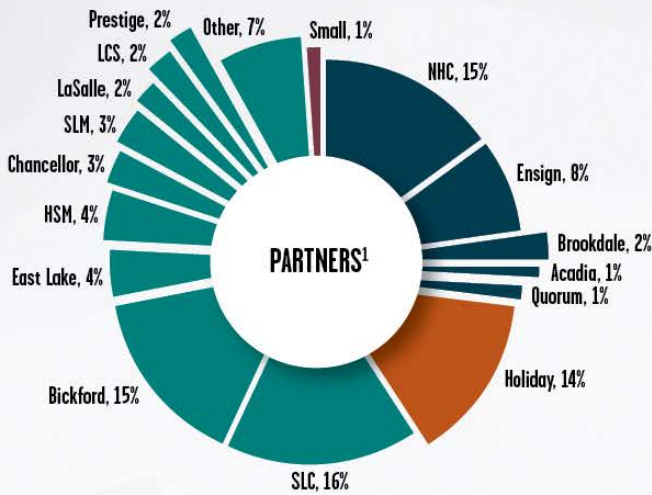
HIGHLIGHTS

Diversified portfolio of exceptional healthcare properties

Conservatively managed balance sheet

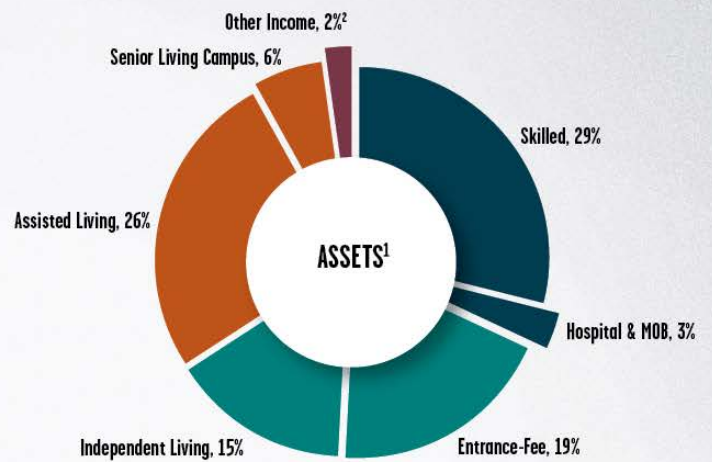
Industry leading FFO growth

Strong growing dividend with low payout ratio



Regional 58%
Public 27%

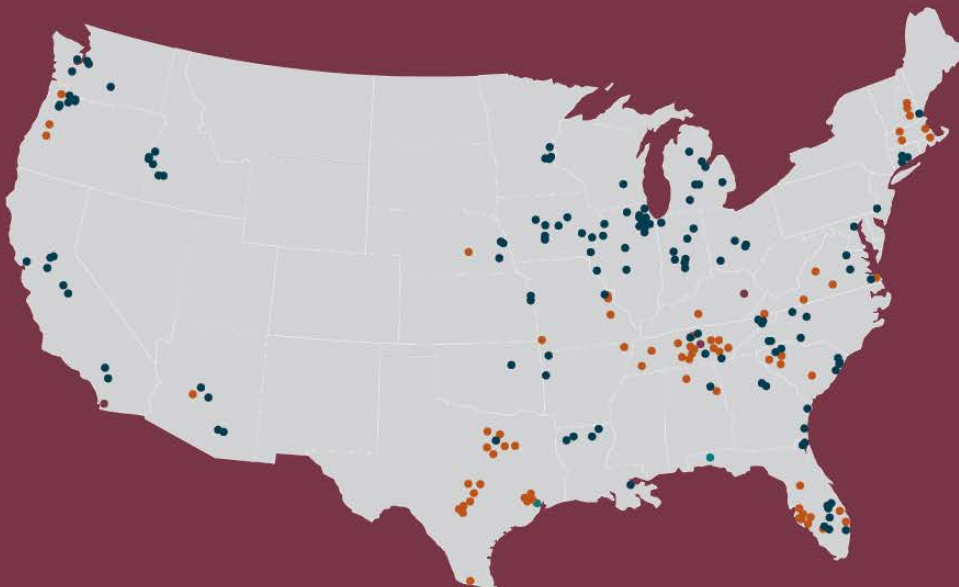
Small 1%
National Private Chain 14%



Sr. Hsng. Need-Driven 32%
Sr. Hsng. Discretionary 34%
Medical 32%

¹Based on annualized cash revenue of \$251,447,000 for contracts in place at September 30, 2017

²Other Income consists primarily of revenue from non-mortgage notes receivable



AS OF SEPT 30, 2017

Senior Housing 139
Skilled Nursing 72
Hospital 3
Medical Office 2

216 Properties

34 Operating Partners

32 States

SUMMARY INFORMATION

(dollar and share amounts in thousands)

	Quarter Ended / As Of				
	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Balance Sheet Data					
Gross cost of real estate assets	\$ 2,620,920	\$ 2,612,804	\$ 2,597,324	\$ 2,472,854	\$ 2,393,676
Total assets	2,519,932	2,511,042	2,515,979	2,403,633	2,387,770
Total liabilities	1,192,265	1,224,616	1,228,695	1,194,043	1,180,780
Total stockholder's equity	1,327,667	1,286,426	1,287,284	1,209,590	1,206,990
Operating Data					
Total revenue	\$ 71,352	\$ 69,836	\$ 66,388	\$ 65,027	\$ 63,251
Rental revenue - GAAP	68,204	65,735	63,137	61,019	59,272
Straight-line rents	6,951	6,249	5,755	5,615	6,000
Rental revenue - Cash	61,253	59,486	57,382	55,404	53,272
Adjusted EBITDA ¹	68,624	66,247	62,224	62,169	60,172
Interest expense	12,241	11,828	11,661	11,364	10,816
General & administrative expense	2,513	2,521	4,108	2,554	2,170
Funds from operations per diluted common share	1.35	1.34	1.50	1.43	1.21
Normalized FFO per diluted common share	1.37	1.32	1.25	1.27	1.23
Normalized AFFO per diluted common share	1.22	1.18	1.13	1.15	1.10
Regular dividends declared per common share	0.95	0.95	0.95	0.90	0.90
Capitalization					
Common shares outstanding at end of each period	41,531	40,984	40,979	39,848	39,848
Market value of equity at end of each period	\$ 3,209,931	\$ 3,245,933	\$ 2,976,305	\$ 2,955,526	\$ 3,127,271
Total debt	1,111,292	1,145,005	1,145,691	1,115,981	1,086,018
Net debt	1,107,366	1,141,535	1,140,006	1,111,149	1,081,821
Total market capitalization, including net debt	4,317,297	4,387,468	4,116,311	4,066,675	4,209,092
Ratios					
Interest coverage ratio	5.6x	5.6x	5.3x	5.5x	5.6x
Fixed charge coverage ratio ¹	6.6x	6.3x	6.1x	6.4x	6.4x
Net debt to adjusted EBITDA (annualized)	4.0x	4.3x	4.5x	4.4x	4.4x
Dividend payout ratio for normalized FFO	69.3%	72.0%	76.0%	70.9%	73.2%
Dividend payout ratio for normalized AFFO	77.9%	80.5%	84.1%	78.3%	81.8%
Net debt as a percentage of market capitalization	25.6%	26.0%	27.7%	27.3%	25.7%
Secured debt as a percentage of net debt	11.1%	10.8%	10.9%	11.2%	11.5%
Portfolio Statistics					
Number of properties	216	215	215	205	206
RIDEA average occupancy	N/A ²	N/A ²	N/A ²	N/A ²	87.0%
RIDEA EBITDARM	N/A ²	N/A ²	N/A ²	N/A ²	7,121

¹For all periods presented EBITDA has been adjusted to reflect GAAP interest expense, which excludes amounts capitalized during the period.

²As previously disclosed, on September 30, 2016 NHI entered into a definitive agreement to terminate the RIDEA joint venture with Bickford Senior Living

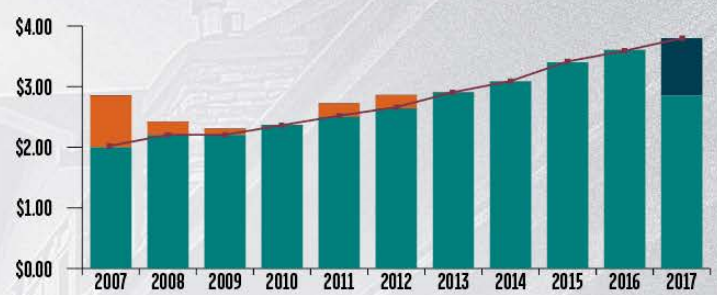
PERFORMANCE

Normalized FFO / Share (CAGR) NHI vs Peer Avg



Peer Average Source: Wells Fargo Securities; based on mid-point of 2017 guidance and reported normalized FFO

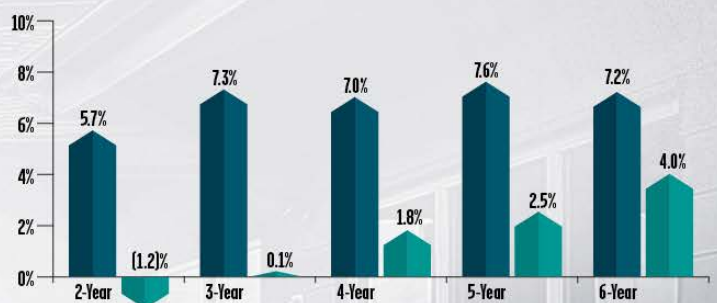
Dividends Regular Expected Special



Total Return NHI MSCI US REIT Index S&P 500 TR Index

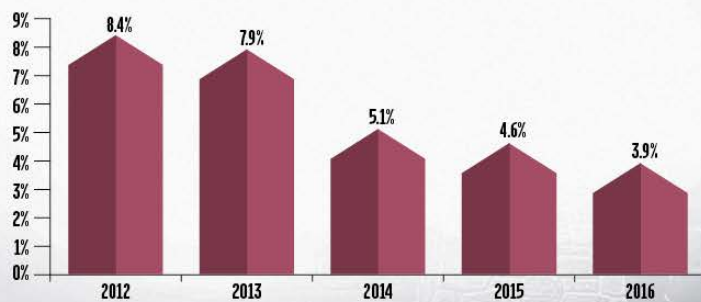


Dividends / Share (CAGR) NHI vs Peer Avg



Peer Average Source: Wells Fargo Securities; based on peer company projections and dividend history

General & Administrative Cost as % of Total Revenue



WE INVEST IN RELATIONSHIPS, NOT JUST PROPERTIES

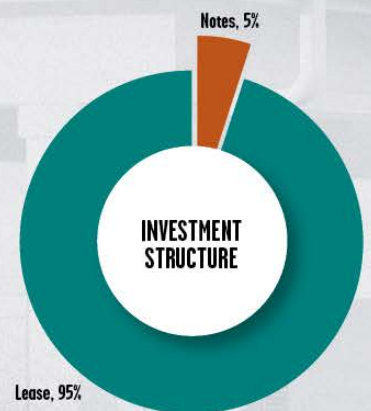
- Focused on growing with our 34 operating partners and select new customers
- Diversified investment plan emphasizing private pay senior housing properties
- Experienced operators with proven record of quality care and value creation

Investment History*



Existing Relationship New Relationship
 10-Year Treasury WACY

*Average age of properties acquired since 2010 is **16.5 years**;
 total portfolio average age is **22.3 years**



(\$, in 000's)	Asset Type	Investment Type	Units/ Building ¹	Location	Yield	Total	Funded	Remaining
Recent Investments								
Q4 2017								
Marathon/Village Concepts	SHO	Expansion	44/1	WA	8.50%	7,100	—	7,100
Q3 2017								
Evolve Senior Living	SHO	Mortgage Note	40/1	NH	8.00%	10,000	(10,000)	—
Acadia Healthcare	HOSP	Land Lease	N/A	TN	7.00%	4,840	(4,840)	—
Q2 2017								
Bickford Senior Living	SHO	Lease	60/1	MI	7.25%	10,400	(10,400)	—
Q1 2017								
LaSalle Group	SHO	Lease	223/5	IL, TX	7.00%	61,865	(61,865)	—
Prestige Senior Living	SHO	Lease	102/1	OR	7.00%	26,200	(26,200)	—
Ravn Senior Solutions	SHO	Lease	86/2	NC	7.35%	16,100	(16,100)	—
Bickford Senior Living	SHO	Construction Loan	60/1	MI	9.00%	14,000	(2,895)	11,105
Ensign Group	SNF	Lease	126/1	TX	8.35%	13,846 ²	(13,846)	—
						\$ 164,351	\$ (146,146)	\$ 18,205
Q4 2016								
Senior Living Communities	SHO	Lease	299/1	CT	6.77%	74,000	(74,000)	—
Q3 2016								
Chancellor Health Care	SHO	Lease	134/2	OR	7.50%	36,650	(36,650)	—
Senior Living Management	SHO	Mortgage Notes	246/1	FL	8.25%	24,500	(24,500)	—
Bickford Senior Living	SHO	Construction Loan	60/1	IL	9.00%	14,000	(8,703)	5,297
Q2 2016								
Ensign Group	SNF	Lease	931/8	TX	8.40% ³	118,500	(118,500)	—
Bickford Senior Living	SHO	Lease	277/5	IA, IL, NE	7.25%	89,900	(87,500)	2,400
East Lake Management Group	SHO	Lease	477/2	CT	7.00%	66,300	(66,300)	—
Q1 2016								
Senior Living Communities	SHO	Construction Loan	186/1	SC	10.00%	14,000	(14,000)	—
Woodland Village	SHO	Lease	98/1	WA	7.25%	9,813	(9,813)	—
						\$ 447,663	\$ (439,966)	\$ 7,697
Development Activity								
Life Care Services	EFC	Senior Note	220/1	WA	6.75%	\$ 60,000	\$ (52,448)	\$ 7,552
Bickford Senior Living	SHO	Construction	300/5	IL, VA	9.00%	\$ 56,500	\$ (53,857)	\$ 2,643
Senior Living Communities	SHO	Construction Loan	N/A	Various	8.33%	\$ 15,000	\$ (604)	\$ 14,396
Marathon/Village Concepts	SHO	Expansion	N/A	WA	8.50%	\$ 7,100	\$ —	\$ 7,100
Various	SHO	Renovation & Construction	N/A	Various	Various	\$ 29,164	\$ (8,831)	\$ 20,333

¹Building count excludes renovations

²Excludes \$1,250,000 contributed by Ensign Group

³Includes existing properties leased to Ensign. NHI basis in 15-property lease portfolio is \$211 million with new annual lease payment of \$17.75 million.

A DISCIPLINED APPROACH TO VALUE CREATION

- Low Leverage Balance Sheet
- Staggered Long-Term Debt Maturities
- Target 60/40 Equity/Debt Funding Mix

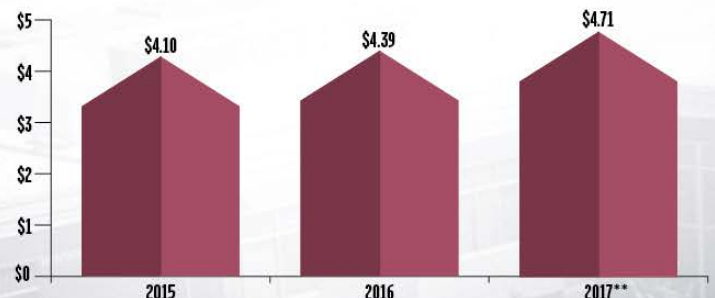
Normalized FFO (per diluted share) Dividend Payout



Adjusted EBITDA (millions, *annualized)

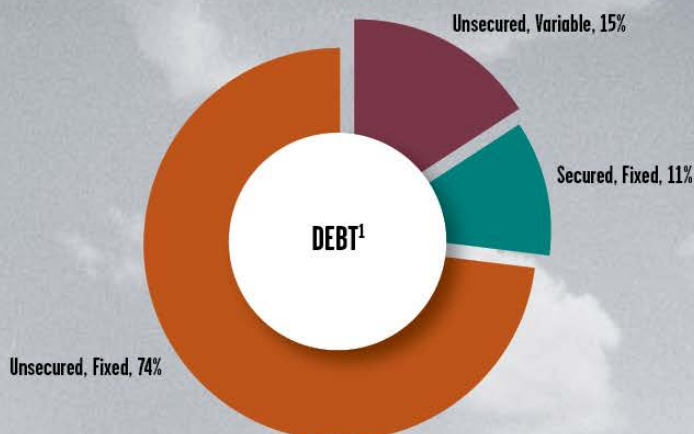


Normalized AFFO (per diluted share)

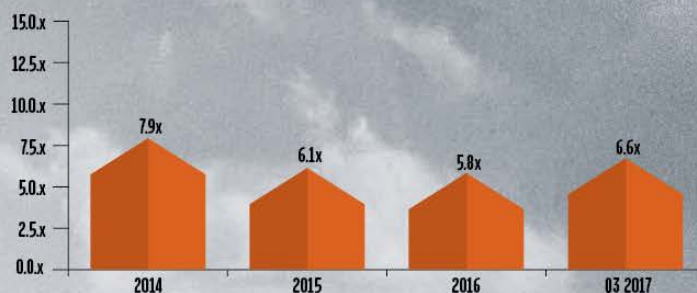


**Mid-point of guidance range

CAPITAL STRUCTURE



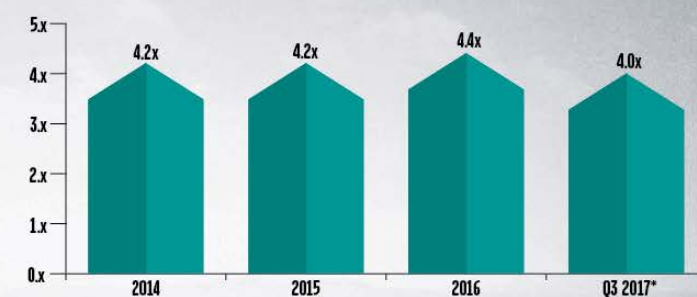
Fixed Charge Coverage



Revolver Liquidity



Net Debt to Adjusted EBITDA (*annualized)



(\$, in 000's)	Amount	Rate ²	% of Total	Maturity
Secured Debt				
Fixed Rate				
HUD Mortgage Loans	\$ 45,247	4.04%	4.0%	19 years
Fannie Mae Mortgage Loans	78,084	3.79%	7.0%	8 years
Total Secured Debt	123,331			
Unsecured Debt				
Fixed Rate				
Term Loans	650,000	3.83%	57.6%	7 years
Convertible Senior Notes	187,575	3.25%	16.6%	4 years
Variable Rate				
Revolving Credit Facility	167,000	2.63%	14.8%	5 years
Total Unsecured Debt	1,004,575			
Subtotal	1,127,906	3.56%	100.0%	
Note Discounts	(5,060)			
Unamortized Loan Costs	(11,554)			
Total Debt	\$ 1,111,292			

¹ Excludes impact of unamortized discounts and loan costs;

² Weighted average

INDUSTRY PARTNERS

BEST-IN-CLASS OPERATORS

We partner with best-in-class operators of independent living, assisted living and memory care, skilled nursing, medical office building, and specialty hospital facilities.

Stabilized Lease Portfolio EBITDARM Coverage* Q2 '16 Q2 '17



(#) indicates the number of properties; excludes development and lease-up properties that have been in operation for less than 24 months

* based on trailing twelve months; full portfolio coverage 1.70x; SNF includes NHC coverage of 3.76x & 3.60x for the T12 periods ending Q2 '16 and Q2 '17, respectively SHO includes SLC coverage of 1.22x and 1.27x, Bickford coverage of 1.21x and 1.21x, and Holiday coverage of 1.19x and 1.17x, all for the T12 periods ending Q2 2016 and Q2 2017, respectively

** SHO includes coverage of 1.22x and 1.21x for Q2 '16 & Q2 '17, respectively, for need driven properties and 1.26x and 1.27x for Q2 '16 & Q2 '17, respectively, for discretionary properties



Senior Living Communities owns and operates luxury retirement communities located in Connecticut, South Carolina, North Carolina, Florida, Georgia and Indiana.



Bickford Senior Living manages or operates over 50 independent living, assisted living, and memory care branches throughout the country. They are also an experienced developer, constructing over 150 communities.



Founded in 1971, National HealthCare Corporation (NYSE: NHC) is a publicly traded operator, specializing in skilled nursing centers along with assisted and independent living facilities. NHC oversees more than 9,000 skilled nursing beds across 10 states, with properties located in the Southeastern, Northeastern, and Midwestern parts of the United States.



Holiday Retirement is one of the largest providers of independent living communities in the U.S. Founded in 1971 in Vancouver, Washington, they are a privately held company and currently operate more than 300 facilities.



The Ensign Group (NASDAQ: ENSG), provides skilled nursing and assisted living services, physical, occupational and speech therapies, home health and hospice services, urgent care and other rehabilitative services.



Based in Dallas, Texas, East Lake Capital Management operates independent living, assisted living and memory care communities.



Health Services Management is a non-profit formed in 2000. The Company operates more than 20 skilled nursing and assisted living facilities located in Florida, Indiana, Tennessee, and Texas.



Chancellor Health Care is based in Windsor, California and formed in 1992. Chancellor operates on the full continuum of care and has 8 properties across 4 states, which include California, Colorado, Maryland and Oregon, and serve over 750 seniors.



Senior Living Management Corporation is based in Coconut Creek, Florida and operates assisted living, memory care and skilled nursing facilities in Florida, Georgia and Louisiana.



Based in Des Moines, Iowa, and established in 1971, Life Care Services operates and develops continuing care retirement communities, stand-alone assisted living, memory care, and rental communities nationwide.

Ownership Market Focus % of Revenue¹

Private SHO 16%

Private SHO 15%

Public SNF/SHO 15%

Private SHO 14%

Public SNF 8%

Private SHO 4%

NFP SNF 4%

Private SHO 3%

Private SHO 3%

Private SHO 2%

¹Based on annualized cash revenue of \$251,447,000 for contracts in place at September 30, 2017

INVESTING IN RELATIONSHIPS



Eric Mendelsohn
President & CEO



Kristin S. Gaines
Chief Credit Officer



Roger R. Hopkins
Chief Accounting Officer



Kevin Pascoe
Chief Investment Officer



John Spaid
EVP, Finance



Michelle Kelly
SVP, Investments



Jerry Taylor
Director, Business Development



Colleen Schaller
Director, Investor Relations



Ron Reel
Controller

Analyst Coverage

Juan Sanabria | Bank of America Merrill Lynch, John Kim | BMO Capital Markets, John Roberts | J.J.B. Hilliard W.L. Lyons
Peter Martin | JMP Securities, Jordan Sadler | Key Banc Capital Markets, Rich Anderson | Mizuho Securities
Chad Vanacore | Stifel, Nicolaus & Company, Todd Stender | Wells Fargo, Joe France | Cantor Fitzgerald
Dana Hambly | Stephens Inc., Eric Flemming | Suntrust, Daniel Bernstein | Capital One Securities, Inc

Investor Relations

National Health Investors, Inc. | 222 Robert Rose Drive | Murfreesboro, Tennessee 37129 | 615.890.9100
cschaller@nhireit.com | www.nhireit.com



BALANCE SHEETS

(in thousands, except per share amounts)

	September 30, 2017	December 31, 2016
Assets		
Real estate properties		
Land	\$ 188,783	\$ 172,003
Buildings and improvements	2,421,302	2,285,122
Construction in progress	10,835	15,729
	2,620,920	2,472,854
Less accumulated depreciation	(363,035)	(313,080)
Real estate properties, net	2,257,885	2,159,774
Mortgage and other notes receivable, net	149,299	133,493
Cash and cash equivalents	3,926	4,832
Straight-line rent receivable	90,224	72,518
Other assets	18,598	33,016
Total Assets	\$ 2,519,932	\$ 2,403,633
Liabilities and Stockholders' Equity		
Debt	\$ 1,111,292	\$ 1,115,981
Accounts payable and accrued expenses	19,144	20,874
Dividends payable	39,454	35,863
Lease deposit liabilities	22,375	21,325
Total Liabilities	1,192,265	1,194,043
Commitments and Contingencies		
National Health Investors Stockholders' Equity:		
Common stock, \$.01 par value; 60,000,000 shares authorized; 41,531,038 and 39,847,860 shares issued and outstanding, respectively	415	398
Capital in excess of par value	1,295,709	1,173,588
Cumulative net income in excess of dividends	34,262	29,873
Accumulated other comprehensive income	(2,719)	5,731
Total Stockholders' Equity	1,327,667	1,209,590
Total Liabilities and Equity	\$ 2,519,932	\$ 2,403,633

STATEMENTS OF INCOME

(in thousands, except share and per share amounts)

Quarter Ended September 30,	2017		2016	
Revenues				
Rental income	\$	68,204	\$	59,272
Interest income from mortgage and other notes		3,045		3,669
Investment income and other		103		310
		71,352		63,251
Expenses				
Depreciation		17,023		15,240
Interest, including amortization of debt discount and issuance costs		12,241		10,816
Legal		215		156
Franchise, excise and other taxes		268		271
General and administrative		2,513		2,169
Loan and realty losses (recoveries)		—		1,131
		32,260		29,783
Income before equity-method investee, TRS tax benefit, investment and other gains and non-controlling interest		39,092		33,468
Income (loss) from equity-method investee		—		(754)
Income tax (expense) benefit of taxable REIT subsidiary		—		(933)
Investment and other gains		—		1,657
Net income		39,092		33,438
Less: net income attributable to non-controlling interest		—		(406)
Net income attributable to common stockholders	\$	39,092	\$	33,032
Weighted average common shares outstanding:				
Basic		41,108,699		39,283,919
Diluted		41,448,263		39,651,900
Earnings per common share:				
Net income attributable to common stockholders - basic	\$.95	\$.84
Net income attributable to common stockholders - diluted	\$.94	\$.83

FFO, AFFO & FAD

(in thousands, except share and per share amounts)

Quarter Ended September 30,	2017	2016
Net income attributable to common stockholders	\$ 39,092	\$ 33,032
Elimination of certain non-cash items in net income:		
Depreciation	17,023	15,240
Depreciation related to non-controlling interest	—	(312)
Funds from operations	56,115	47,960
Gain on sale of equity-method investee	—	(1,657)
Write-off of deferred tax asset	—	1,192
Loss on debt extinguishment	495	—
Debt issuance costs written-off due to credit facility modifications	407	—
Ineffective portion of cash flow hedges	(350)	—
Non-cash write-off of straight-line rent receivable	—	1,131
Normalized FFO	56,667	48,626
Straight-line lease revenue, net	(6,951)	(6,000)
Straight-line lease revenue, net, related to noncontrolling interest	—	15
Amortization of lease incentives	69	—
Amortization of original issue discount	259	288
Amortization of debt issuance costs	635	586
Amortization of debt issuance costs related to noncontrolling interest	—	(9)
Normalized AFFO	50,679	43,506
Non-cash share-based compensation	405	251
Normalized FAD	\$ 51,084	\$ 43,757

BASIC

Weighted average common shares outstanding	41,108,699	39,283,919
FFO per common share	\$ 1.37	\$ 1.22
Normalized FFO per common share	\$ 1.38	\$ 1.24
Normalized AFFO per common share	\$ 1.23	\$ 1.11

DILUTED

Weighted average common shares outstanding	41,448,263	39,651,900
FFO per common share	\$ 1.35	\$ 1.21
Normalized FFO per common share	\$ 1.37	\$ 1.23
Normalized AFFO per common share	\$ 1.22	\$ 1.10

PAYOUT RATIOS

Regular dividends per common share	\$.95	\$.90
Normalized FFO payout ratio per diluted common share	69.3%	73.2%
Normalized AFFO payout ratio per diluted common share	77.9%	81.8%

PORTFOLIO SUMMARY

(\$ in thousands)

	Properties	Units/Sq. Ft*	YTD GAAP Revenue	YTD Straight Line	YTD Cash Revenue	Full Year Impact	Annualized Cash Revenue
Leases							
Senior Housing - Need Driven							
Assisted Living	85	4,160	\$ 51,967	\$ 5,410	\$ 46,557	\$ 17,299	\$ 63,856
Senior Living Campus	10	1,323	12,157	1,169	10,988	3,663	14,651
Total Senior Housing - Need Driven	95	5,483	64,124	6,579	57,545	20,962	78,507
Senior Housing - Discretionary							
Independent Living	29	3,212	34,520	5,653	28,867	9,623	38,490
Entrance-Fee Communities	10	2,363	37,780	5,932	31,848	10,616	42,464
Total Senior Housing - Discretionary	39	5,575	72,300	11,585	60,715	20,239	80,954
Total Senior Housing	134	11,058	136,424	18,164	118,260	41,201	159,461
Medical Facilities							
Skilled Nursing	68	8,813	54,103	687	53,416	17,805	71,221
Hospitals	3	181	5,799	144	5,655	1,885	7,540
Medical Office Buildings	2	88,517 *	751	(38)	789	263	1,052
Total Medical Facilities	73		60,653	793	59,860	19,953	79,813
Total Continuing Leases	207		197,077	18,957	178,120	61,154	239,274
Current Year Disposals			—	—	—	—	—
Total Lease Revenue			197,077	18,957	178,120	61,154	239,274
Mortgages and Other Notes Receivable							
Senior Housing - Need Driven	4	252	1,210		1,210	548	1,758
Senior Housing - Discretionary	1	400	4,045		4,045	1,349	5,394
Medical Facilities	4	270	540		540	180	720
Other Notes Receivable	—	—	3,226		3,226	1,075	4,301
Total Continuing Mortgage and Other notes	9	922	9,021		9,021	3,152	12,173
Current Year Disposals			1,104		1,104	(1,104)	—
Total Mortgage and Other Notes			10,125		10,125	2,048	12,173
Investment and Other Income			374		374	(374)	—
Total Revenue			\$ 207,576	\$ 18,957	\$ 188,619	\$ 62,828	\$ 251,447

PORTFOLIO INFORMATION

Tenant Purchase Options

Asset Type	Number of Facilities	Lease Expiration	1st Option Open Year	Current Cash Rent	% of Total ¹
MOB	1	February 2018	Open	\$ 718,000	0.3%
HOSP	1	September 2027	2020	2,322,000	1.0%
SHO	8	December 2024	2020	4,144,000	1.7%
HOSP	1	March 2025	2020	1,827,000	0.8%
SHO	3	June 2025	2020	4,933,000	2.1%
SHO	2	May 2031	2021	4,348,000	1.8%
HOSP	1	June 2022	2022	3,392,000	1.4%
Various	8	—	Thereafter	4,073,000	1.7%
					10.8%

¹Based on annualized cash revenue of \$251,447,000 for contracts in place at September 30, 2017

Lease Maturities (annualized cash rent; \$ in thousands)

■ SHO ■ SNF ■ OTHER



RECONCILIATIONS

(\$ in thousands)

Adjusted EBITDA Reconciliation	Three Months Ended	
	September 30, 2017	September 30, 2016
Net Income	\$ 39,092	\$ 33,438
Interest expense	12,241	10,816
Franchise, excise, and other taxes	268	271
Income tax benefit (expense) of taxable REIT subsidiary	—	933
Depreciation	17,023	15,240
Gain on sale of equity-method investee	—	(1,657)
Non-cash write-off of straight-line rent receivable	—	1,131
Adjusted EBITDA	\$ 68,624	\$ 60,172
Net Debt to Adjusted EBITDA		
Consolidated Total Debt	1,111,292	
Less cash and cash equivalents	(3,926)	
Consolidated Net Debt	\$ 1,107,366	
Adjusted EBITDA	\$ 68,624	
Annualizing Adjustment	205,872	
Annualized impact of recent investments	—	
	\$ 274,496	
Consolidated Net Debt to Adjusted EBITDA		4.0x

DEFINITIONS

Annualized Revenues

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.

Adjusted EBITDA & EBITDARM

We consider Adjusted EBITDA to be an important supplemental measure because it provides information which we use to evaluate our performance and serves as an indication of our ability to service debt. We define Adjusted EBITDA as consolidated earnings before interest, taxes, depreciation and amortization, including amounts in discontinued operations, excluding real estate asset impairments and gains on dispositions and certain items which, due to their infrequent or unpredictable nature, may create some difficulty in comparing Adjusted EBITDA for the current period to similar prior periods, and may include, but are not limited to, impairment of non-real estate assets, gains and losses attributable to the acquisition and disposition of assets and liabilities, and recoveries of previous write-downs. Since others may not use our definition of Adjusted EBITDA, caution should be exercised when comparing our Adjusted EBITDA to that of other companies.

EBITDARM is earnings before interest, taxes, depreciation, amortization, rent and management fees.

CAGR

The acronym CAGR refers to the Compound Annual Growth Rate. The compound annual growth rate represents the year-over-year growth rate over a specified time period.

Normalized FFO, AFFO & FAD

These operating performance measures may not be comparable to similarly titled measures used by other REITs. Consequently, our FFO, normalized FFO, normalized AFFO & normalized 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 these operating performance measures, caution should be exercised when comparing our Company's FFO, normalized FFO, normalized AFFO & normalized FAD to that of other REITs. These financial performance measures do not represent cash generated from operating activities in accordance with generally accepted accounting principles ("GAAP") (these measures do 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 are not necessarily indicative of cash available to fund cash needs.

FFO, as defined by the National Association of Real Estate Investment Trusts ("NAREIT") and applied by us, is net income (computed in accordance with GAAP), excluding gains (or losses) from sales of real estate property, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures, if any. The Company's computation of FFO may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or have a different interpretation of the current NAREIT definition from that of the Company; therefore, caution should be exercised when comparing our Company's FFO to that of other REITs. Diluted FFO assumes the exercise of stock options and other potentially dilutive securities. Normalized FFO excludes from FFO certain items which, due to their infrequent or unpredictable nature, may create some difficulty in comparing FFO for the current period to similar prior periods, and may include, but are not limited to, impairment of non-real estate assets, gains and losses attributable to the acquisition and disposition of assets and liabilities, and recoveries of previous write-downs.

We believe that FFO and normalized FFO are important supplemental measures of operating performance for a REIT. Because the historical cost accounting convention used for real estate assets requires 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. The term FFO was designed by the REIT industry to address this issue.

We believe that normalized AFFO is an important supplemental measure of operating performance for a REIT. GAAP requires a lessor to recognize contractual lease payments into income on a straight-line basis over the expected term of the lease.

This straight-line adjustment has the effect of reporting lease income that is significantly more or less than the contractual cash flows received pursuant to the terms of the lease agreement. GAAP also requires the original issue discount of our convertible senior notes and debt issuance costs to be amortized as a non-cash adjustment to earnings. Normalized AFFO is useful to our investors as it reflects the growth inherent in our contractual lease payments without the distortion caused by non-cash amortization.

We believe that normalized FAD is an important supplemental measure of operating performance for a REIT, also providing a useful indicator of the ability to distribute dividends to shareholders. Additionally, normalized FAD improves the understanding of our operating results among investors and makes comparisons with: (i) expected results, (ii) results of previous periods and (iii) results among REITs, more meaningful. Because FAD may function as a liquidity measure, we do not present FAD on a per-share basis.

Facility Types

SHO - Senior housing	HOSP - Hospital
EFC - Entrance Fee Community	MOB - Medical office building
SNF - Skilled nursing facility	

Fixed Charges

The term Fixed Charges refers to interest expense and debt principal.

Peer Average

The peer average calculations provided by Wells Fargo Securities include the following diversified healthcare REITs:

Ventas, Inc.	LTC Properties, Inc.	Sabra Health Care REIT, Inc.
HCP, Inc.	Welltower, Inc.	

Stabilized Lease

A newly acquired triple-net lease property is generally considered stabilized upon lease-up (typically when senior-care residents occupy at least 85% of the total number of certified units over at least a 12 month period) Newly completed developments, including redevelopments, are considered stabilized upon lease-up, as described above.

Total Return

The term Total Return refers to the total return an investor would have realized on an annual basis over a certain period assuming that all dividends are reinvested on the dividend payment date.

RIDEA

Our joint venture was designed to be compliant with the provisions of the REIT Diversification and Empowerment Act of 2007, or RIDEA.

WACY

The acronym WACY refers to Weighted Average Cash Yield, which is the anticipated rate of return upon initial investment excluding the impact of any discounts received or premiums paid.



Q3 2017 SUPPLEMENTAL