

NHI
NATIONAL HEALTH INVESTORS
Q1 2018 SUPPLEMENTAL



TABLE OF CONTENTS

| | |
|----|-----------------------|
| 2 | Overview |
| 3 | Summary Information |
| 4 | Performance |
| 5 | Investments |
| 7 | Financial |
| 8 | Capital Structure |
| 9 | Industry Partners |
| 11 | Leadership |
| 12 | Balance Sheets |
| 13 | Statements of Income |
| 14 | FFO, AFFO & FAD |
| 15 | Portfolio Summary |
| 16 | Portfolio Information |
| 17 | Reconciliations |
| 18 | Definitions |

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, 2017. 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 March 31, 2018.

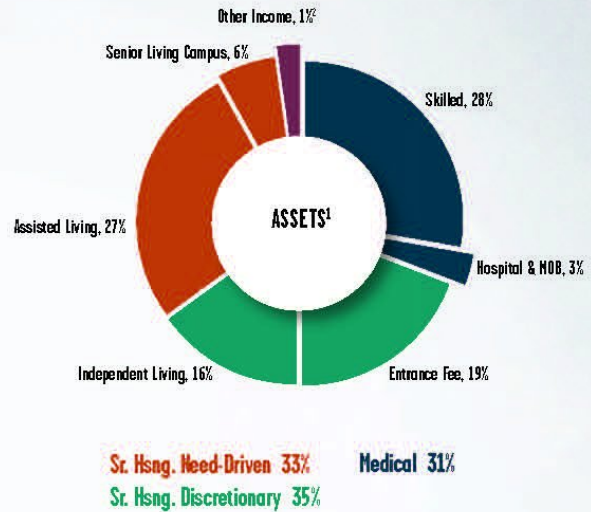
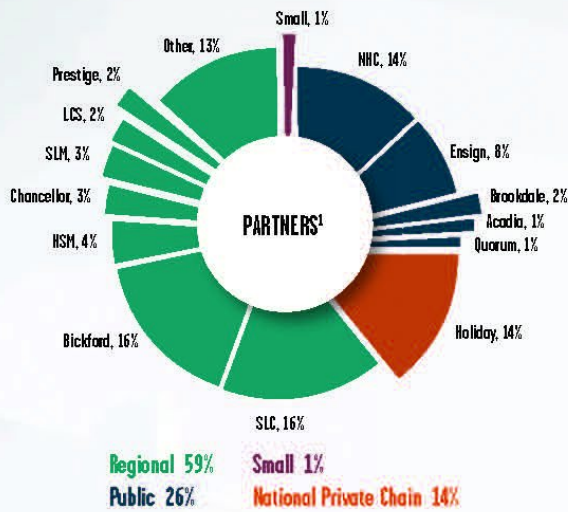
COVER: Timber Ridge at Talus, operated by Life Care Services in Issaquah, WA.

OVERVIEW

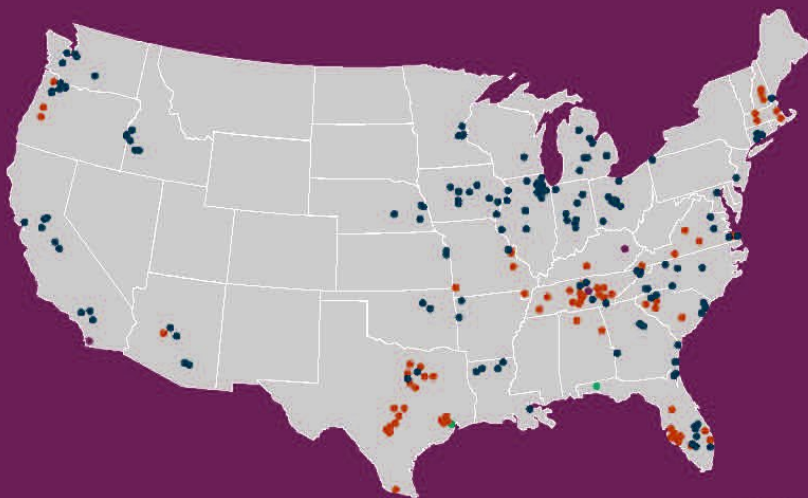
NATIONAL HEALTH INVESTORS, INC. (NYSE: NHI), is a real estate investment trust specializing in sale-leaseback, joint-venture, mortgage and mezzanine financing of need-driven and discretionary senior housing and medical investments. NHI's portfolio consists of independent, assisted and memory care communities,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



¹Based on annualized cash revenue of \$267,309,000 for contracts in place at March 31, 2018.
²Other Income consists primarily of revenue from non-mortgage notes receivable



AS OF MAY 7, 2018

Senior Housing 147
 Skilled Nursing 73
 Hospital 3
 Medical Office 2

- 225 Properties
- 32 Operating Partners
- 33 States

SUMMARY INFORMATION

(dollar and share amounts in thousands)

| | Quarter Ended / As Of | | | | |
|---|-----------------------|--------------|--------------|--------------|--------------|
| | Q1 2018 | Q4 2017 | Q3 2017 | Q2 2017 | Q1 2017 |
| Balance Sheet Data | | | | | |
| Gross cost of real estate assets | \$ 2,683,685 | \$ 2,665,903 | \$ 2,620,920 | \$ 2,612,804 | \$ 2,597,324 |
| Total assets | 2,559,428 | 2,545,821 | 2,519,932 | 2,511,042 | 2,515,979 |
| Total liabilities | 1,239,547 | 1,223,704 | 1,192,265 | 1,224,616 | 1,228,695 |
| Total stockholder's equity | 1,319,881 | 1,322,117 | 1,327,667 | 1,286,426 | 1,287,284 |
| Operating Data | | | | | |
| Total revenue | \$ 72,746 | \$ 71,083 | \$ 71,372 | \$ 69,826 | \$ 66,377 |
| Rental revenue - GAAP ¹ | 69,253 | 68,050 | 68,224 | 65,725 | 63,127 |
| Straight-line rents | 5,962 | 7,134 | 6,951 | 6,249 | 5,755 |
| Rental revenue - Cash ¹ | 63,291 | 60,916 | 61,273 | 59,476 | 57,372 |
| Adjusted EBITDA ² | 67,950 | 67,931 | 68,644 | 66,237 | 62,214 |
| Interest expense ¹ | 11,614 | 11,185 | 11,746 | 11,733 | 11,661 |
| General & administrative expense | 4,170 | 3,075 | 2,513 | 2,521 | 4,108 |
| Funds from operations per diluted common share | 1.34 | 1.31 | 1.35 | 1.34 | 1.50 |
| Normalized FFO per diluted common share | 1.35 | 1.35 | 1.37 | 1.32 | 1.25 |
| Normalized AFFO per diluted common share | 1.22 | 1.21 | 1.22 | 1.18 | 1.13 |
| Regular dividends declared per common share | 1.00 | 0.95 | 0.95 | 0.95 | 0.95 |
| Capitalization | | | | | |
| Common shares outstanding at end of each period | 41,532 | 41,532 | 41,531 | 40,984 | 40,979 |
| Market value of equity at end of each period | \$ 2,794,688 | \$ 3,130,682 | \$ 3,209,931 | \$ 3,245,933 | \$ 2,976,305 |
| Total debt | 1,160,226 | 1,145,497 | 1,111,292 | 1,145,005 | 1,145,691 |
| Net debt | 1,156,996 | 1,142,434 | 1,107,366 | 1,141,535 | 1,140,006 |
| Total market capitalization, including net debt | 3,951,684 | 4,273,116 | 4,317,297 | 4,387,468 | 4,116,311 |
| Ratios | | | | | |
| Interest coverage ratio ¹ | 5.9x | 6.1x | 5.8x | 5.6x | 5.3x |
| Fixed charge coverage ratio | 6.3x | 6.8x | 6.6x | 6.3x | 6.1x |
| Net debt to adjusted EBITDA (annualized) | 4.3x | 4.2x | 4.0x | 4.3x | 4.5x |
| Dividend payout ratio for normalized FFO | 74.1% | 70.4% | 69.3% | 72.0% | 76.0% |
| Dividend payout ratio for normalized AFFO | 82.0% | 78.5% | 77.9% | 80.5% | 84.1% |
| Net debt as a percentage of market capitalization | 29.3% | 26.7% | 25.6% | 26.0% | 27.7% |
| Secured debt as a percentage of net debt | 12.2% | 12.4% | 11.1% | 10.8% | 10.9% |
| Portfolio Statistics | | | | | |
| Number of properties (includes mortgages) | 220 | 218 | 216 | 215 | 215 |

¹Certain balances were reclassified to conform the presentation of prior periods to the current period.

²For all periods presented EBITDA has been adjusted to reflect GAAP interest expense, which excludes amounts capitalized during the period.

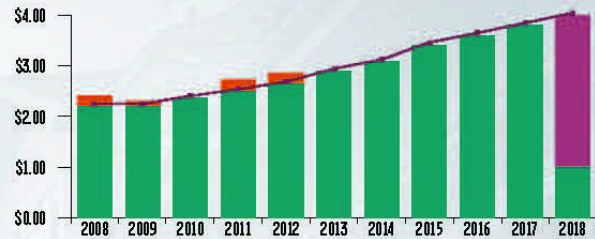
PERFORMANCE

Normalized FFO / Share (CAGR) NHI vs Peer Avg



Peer Average Source: Wells Fargo Securities; based on mid-point of 2018 guidance and reported normalized FFO

Dividends Regular Special Expected



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

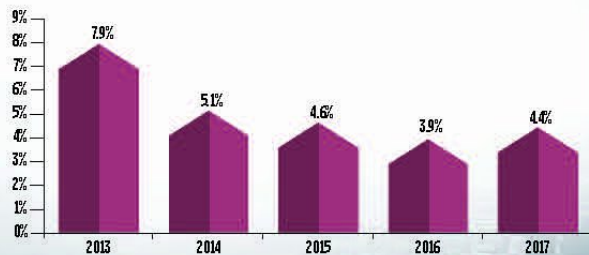


Dividends / Share (CAGR) NHI vs Peer Avg



Peer Average Source: Wells Fargo Securities; based on mid-point of 2018 guidance and reported normalized FFO

General & Administrative Cost as % of Total Revenue

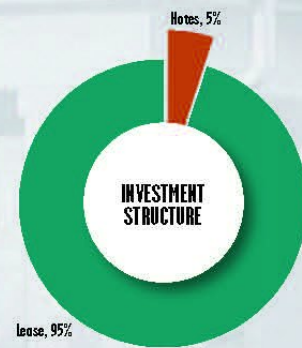
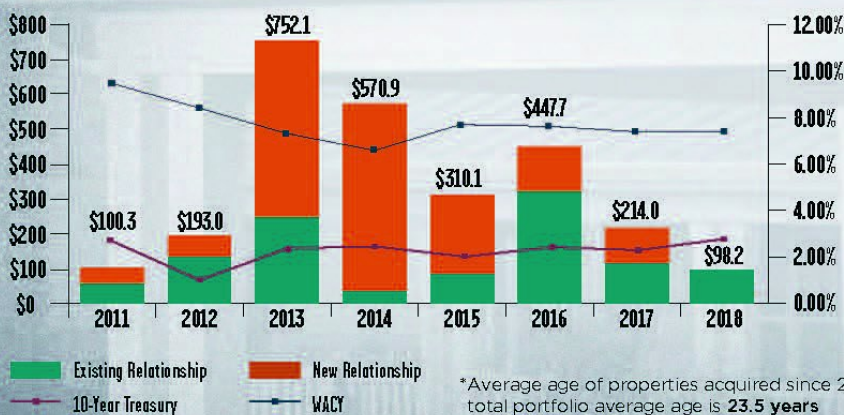


INVESTMENTS

WE INVEST IN RELATIONSHIPS, NOT JUST PROPERTIES

- Focused on growing with our 32 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*



*Average age of properties acquired since 2011 is 17.6 years; total portfolio average age is 23.5 years

| (\$, in 000's) | Asset Type | Investment Type | Units/ Buildings ¹ | Location | Yield | Total | Funded | Remaining |
|-----------------------------|------------|---------------------------|----------------------------------|----------|---------|---------------------|---------------------|------------------|
| Recent Investments | | | | | | | | |
| Q2 2018 | | | | | | | | |
| Bickford Senior Living | SHO | Lease | 320/5 | OH, PA | 6.85% | 69,750 | (68,000) | 1,750 |
| Q1 2018 | | | | | | | | |
| Ensign Group | SNF | Lease | 121/1 | TX | 8.20% | 14,404 | (14,404) | — |
| Bickford Senior Living | SHO | Construction Loan | 60/1 | VA | 9.00% | 14,000 | (1,500) | 12,500 |
| | | | | | | <u>\$ 98,154</u> | <u>\$ (83,904)</u> | <u>\$ 14,250</u> |
| Q4 2017 | | | | | | | | |
| Discovery Senior Living | SHO | Lease | 202/1 | OK | 7.00% | 34,600 | (34,600) | — |
| Navion Senior Solutions | SHO | Lease | 32/1 | NC | 7.15% | 8,200 | (7,550) | 650 |
| Woodland Village | 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) | — |
| Senior Living Communities | SHO | Renovation | N/A | Various | 7.08% | 6,830 | — | 6,830 |
| 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) | — |
| Navion 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 | (5,672) | 8,328 |
| Ensign Group | SNF | Lease | 126/1 | TX | 8.35% | 13,846 ² | (13,846) | — |
| | | | | | | <u>\$ 213,981</u> | <u>\$ (191,073)</u> | <u>\$ 22,908</u> |
| Development Activity | | | | | | | | |
| Life Care Services | EFC | Senior Note | 220/1 | WA | 6.75% | \$ 60,000 | \$ (54,939) | \$ 5,061 |
| 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 | 8.74% | \$ 15,000 | \$ (729) | \$ 14,271 |
| Woodland Village | SHO | Expansion | 44/1 | WA | 8.50% | \$ 7,100 | \$ (1,462) | \$ 5,638 |
| Various | SHO | Renovation & Construction | N/A | Various | Various | \$ 29,980 | \$ (11,717) | \$ 18,263 |

¹Building count excludes renovations

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

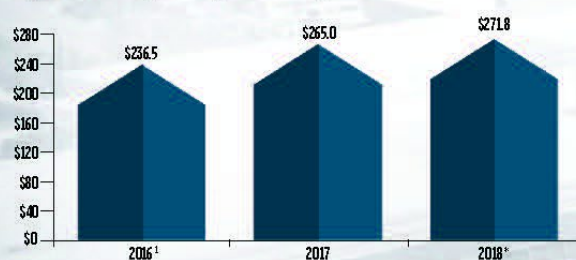
A DISCIPLINED APPROACH TO VALUE CREATION

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

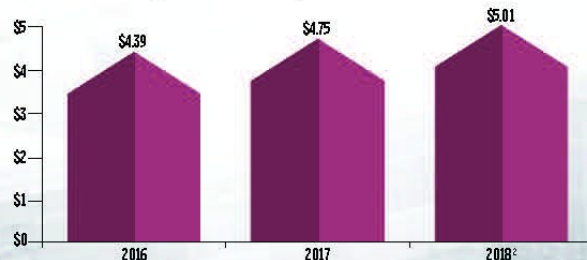
Normalized FFO (per diluted share) Dividend Payout



Adjusted EBITDA (millions, *annualized)



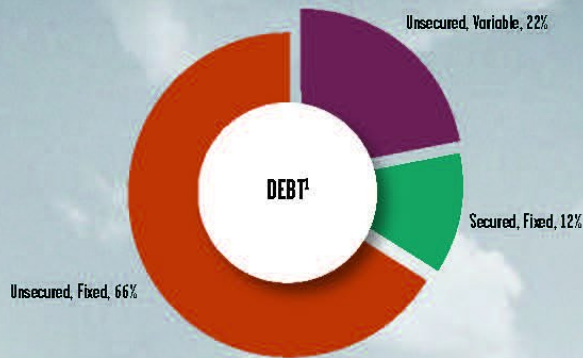
Normalized AFFO (per diluted share)



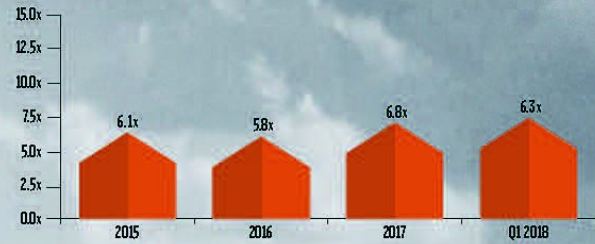
¹ Updated to reflect reclassifications to conform prior period presentations to current period

² 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 | \$ 44,844 | 4.04% | 3.8% | 19 years |
| Fannie Mae Mortgage Loans | 96,285 | 3.94% | 8.2% | 8 years |
| Total Secured Debt | 141,129 | | | |
| Unsecured Debt | | | | |
| Fixed Rate | | | | |
| Term Loans | 650,000 | 3.83% | 55.4% | 7 years |
| Convertible Senior Notes | 120,000 | 3.25% | 10.2% | 4 years |
| Variable Rate | | | | |
| Revolving Credit Facility | 262,000 | 2.96% | 22.4% | 5 years |
| Total Unsecured Debt | 1,032,000 | | | |
| Subtotal | 1,173,129 | 3.60% | 100.0% | |
| Note Discounts | (3,340) | | | |
| Unamortized Loan Costs | (9,563) | | | |
| Total Debt | \$ 1,160,226 | | | |

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* Q4 '16 Q4 '17



(#) indicates the number of properties; excludes development and lease-up properties that have been in operation for less than 24 months; includes pro forma cash rent for stabilized acquisitions in the portfolio less than 24 months

* based on trailing twelve months; full portfolio coverage 1.66x; SNF includes NHC coverage of 3.64x & 3.60x for the T12 periods ending Q4 '16 & Q4 '17, respectively; SHO includes SLC coverage of 1.34x & 1.30x, Bickford coverage of 1.23x & 1.22x, and Holiday coverage of 1.19x & 1.16x, all for the T12 periods ending Q4 '16 & Q4 '17, respectively

**SHO includes coverage of 1.23x and 1.17x for Q4 '16 & Q4 '17, respectively, for need driven properties and 1.32x and 1.29x for Q4 '16 & Q4 '17, respectively, for discretionary properties; revised senior housing coverage to account for allocated management fees not previously included in EBITDARM calculation



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.

Ownership | Market Focus | % of Revenue¹

Private | SHO | 16%



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

Private | SHO | 16%



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

Private | SHO | 14%



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.

Public | SNF/SHO | 14%



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.

Public | SNF | 8%



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.

NFP | SNF | 4%



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.

Private | SHO | 3%



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.

Private | SHO | 3%



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.

Private | SHO | 2%



Prestige Care and Prestige Senior Living operate a family of more than 80 senior care communities throughout the western United States. Founded in 1985, Prestige provides a comprehensive senior service experience offering assisted living, independent living, memory care, home health, skilled nursing and rehabilitation.

Private | SHO/SNF | 2%

¹Based on annualized cash revenue of \$267,309,000 for contracts in place at March 31, 2018

LEADERSHIP

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

Chad Vanacore, Stifel, Nicolaus & Company
Dana Hambly, Stephens Inc.
Daniel Bernstein, Capital One Securities, Inc
Eric Fleming, Suntrust
Joe France, Cantor Fitzgerald
John Kim, BMO Capital Markets

John Roberts, J.J.B. Hilliard W.L. Lyons
Jordan Sadler, Key Banc Capital Markets
Juan Sanabria, Bank of America Merrill Lynch
Peter Martin, JMP Securities
Rich Anderson, Mizuho Securities
Todd Stender, Wells Fargo

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)

| | March 31, 2018 | | December 31, 2017 | |
|--|----------------|------------------|-------------------|------------------|
| Assets | | | | |
| Real estate properties | | | | |
| Land | \$ | 192,953 | \$ | 191,623 |
| Buildings and improvements | | 2,485,951 | | 2,471,602 |
| Construction in progress | | 4,781 | | 2,678 |
| | | 2,683,685 | | 2,665,903 |
| Less accumulated depreciation | | (397,538) | | (380,202) |
| Real estate properties, net | | 2,286,147 | | 2,285,701 |
| Mortgage and other notes receivable, net | | 145,845 | | 141,486 |
| Cash and cash equivalents | | 3,230 | | 3,063 |
| Straight-line rent receivable | | 102,046 | | 97,359 |
| Other assets | | 22,160 | | 18,212 |
| Total Assets | \$ | 2,559,428 | \$ | 2,545,821 |
| Liabilities and Stockholders' Equity | | | | |
| Debt | \$ | 1,160,226 | \$ | 1,145,497 |
| Accounts payable and accrued expenses | | 16,514 | | 17,476 |
| Dividends payable | | 41,532 | | 39,456 |
| Lease deposit liabilities | | 21,275 | | 21,275 |
| Total Liabilities | | 1,239,547 | | 1,223,704 |
| Commitments and Contingencies | | | | |
| National Health Investors Stockholders' Equity: | | | | |
| Common stock, \$.01 par value; 60,000,000 shares authorized; | | | | |
| 41,532,154 shares issued and outstanding | | 415 | | 415 |
| Capital in excess of par value | | 1,288,861 | | 1,289,919 |
| Cumulative net income in excess of dividends | | 29,270 | | 32,605 |
| Accumulated other comprehensive income | | 1,335 | | (822) |
| Total Stockholders' Equity | | 1,319,881 | | 1,322,117 |
| Total Liabilities and Equity | \$ | 2,559,428 | \$ | 2,545,821 |

Certain balances were reclassified to conform the presentation of prior periods to the current period.

STATEMENTS OF INCOME

(in thousands, except share and per share amounts)

| Quarter Ended March 31, | 2018 | | 2017 | |
|--|------|------------|------|------------|
| Revenues | | | | |
| Rental income | \$ | 69,253 | \$ | 63,127 |
| Interest income from mortgage and other notes | | 3,460 | | 3,089 |
| Investment income and other | | 33 | | 162 |
| | | 72,746 | | 66,378 |
| Expenses | | | | |
| Depreciation | | 17,335 | | 16,144 |
| Interest, including amortization of debt discount and issuance costs | | 11,614 | | 11,661 |
| Legal | | 111 | | 56 |
| Franchise, excise and other taxes | | 346 | | 267 |
| General and administrative | | 4,170 | | 4,108 |
| | | 33,576 | | 32,236 |
| Income before investment and other gains and losses | | 39,170 | | 34,142 |
| Loss on convertible note retirement | | (738) | | — |
| Investment and other gains | | — | | 10,088 |
| Net income | \$ | 38,432 | \$ | 44,230 |
| Weighted average common shares outstanding: | | | | |
| Basic | | 41,532,154 | | 39,953,804 |
| Diluted | | 41,576,876 | | 40,108,762 |
| Earnings per common share: | | | | |
| Net income attributable to common stockholders - basic | \$ | .93 | \$ | 1.11 |
| Net income attributable to common stockholders - diluted | \$ | .92 | \$ | 1.10 |

Certain balances were reclassified to conform the presentation of prior periods to the current period.

FFO, AFFO & FAD

(in thousands, except share and per share amounts)

| Quarter Ended March 31, | 2018 | | 2017 | |
|--|------|---------------|------|---------------|
| Net income attributable to common stockholders | \$ | 38,432 | \$ | 44,230 |
| Elimination of certain non-cash items in net income: | | | | |
| Depreciation | | 17,335 | | 16,144 |
| Net gain on sales of real estate | | — | | (50) |
| Funds from operations | | 55,767 | | 60,324 |
| Gain on sale of marketable securities | | — | | (10,038) |
| Loss on early retirement of convertible debt | | 738 | | — |
| Recognition of unamortized note receivable commitment fees | | (515) | | — |
| Normalized FFO | | 55,990 | | 50,286 |
| Straight-line lease revenue, net | | (5,962) | | (5,755) |
| Amortization of lease incentives | | 63 | | 10 |
| Amortization of original issue discount | | 221 | | 293 |
| Amortization of debt issuance costs | | 614 | | 612 |
| Normalized AFFO | | 50,926 | | 45,446 |
| Non-cash share-based compensation | | 1,425 | | 1,523 |
| Normalized FAD | \$ | 52,351 | \$ | 46,969 |

BASIC

| | | | | |
|--|----|------------|----|------------|
| Weighted average common shares outstanding | | 41,532,154 | | 39,953,804 |
| FFO per common share | \$ | 1.34 | \$ | 1.51 |
| Normalized FFO per common share | \$ | 1.35 | \$ | 1.26 |
| Normalized AFFO per common share | \$ | 1.23 | \$ | 1.14 |

DILUTED

| | | | | |
|--|----|------------|----|------------|
| Weighted average common shares outstanding | | 41,576,876 | | 40,108,762 |
| FFO per common share | \$ | 1.34 | \$ | 1.50 |
| Normalized FFO per common share | \$ | 1.35 | \$ | 1.25 |
| Normalized AFFO per common share | \$ | 1.22 | \$ | 1.13 |

PAYOUT RATIOS

| | | | | |
|---|----|-------|----|-------|
| Regular dividends per common share | \$ | 1.00 | \$ | .95 |
| Normalized FFO payout ratio per diluted common share | | 74.1% | | 76.0% |
| Normalized AFFO payout ratio per diluted common share | | 82.0% | | 84.1% |

Certain balances were reclassified to conform the presentation of prior periods to the current period.

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 | 86 | 4,192 | \$ 18,751 | \$ 1,832 | \$ 16,919 | \$ 50,754 | \$ 67,673 |
| Senior Living Campus | 10 | 1,323 | 4,242 | 503 | 3,739 | 11,219 | 14,958 |
| Total Senior Housing - Need Driven | 96 | 5,515 | 22,993 | 2,335 | 20,658 | 61,973 | 82,631 |
| Senior Housing - Discretionary | | | | | | | |
| Independent Living | 30 | 3,412 | 12,266 | 1,687 | 10,579 | 31,737 | 42,316 |
| Entrance-Fee Communities | 10 | 2,363 | 12,699 | 1,592 | 11,107 | 33,319 | 44,426 |
| Total Senior Housing - Discretionary | 40 | 5,775 | 24,965 | 3,279 | 21,686 | 65,056 | 86,742 |
| Total Senior Housing | 136 | 11,290 | 47,958 | 5,614 | 42,344 | 127,029 | 169,373 |
| Medical Facilities | | | | | | | |
| Skilled Nursing | 69 | 8,934 | 19,131 | 386 | 18,745 | 56,513 | 75,258 |
| Hospitals | 3 | 181 | 1,998 | 25 | 1,973 | 5,917 | 7,890 |
| Medical Office Buildings | 2 | 88,517* | 167 | (64) | 231 | 691 | 922 |
| Total Medical Facilities | 74 | | 21,296 | 347 | 20,949 | 63,121 | 84,070 |
| Total Lease Revenue | 210 | | 69,254 | 5,961 | 63,293 | 190,150 | 253,443 |
| Mortgages and Other Notes Receivable | | | | | | | |
| Senior Housing - Need Driven | 5 | 312 | 836 | | 836 | 2,534 | 3,370 |
| Senior Housing - Discretionary | 1 | 400 | 1,438 | | 1,438 | 4,313 | 5,751 |
| Medical Facilities | 4 | 270 | 175 | | 175 | 525 | 700 |
| Other Notes Receivable | — | — | 1,011 | | 1,011 | 3,034 | 4,045 |
| Total Continuing Mortgage and Other notes | 10 | 982 | 3,460 | | 3,460 | 10,406 | 13,866 |
| Current Year Disposals | | | — | | — | — | — |
| Total Mortgage and Other Notes | | | 3,460 | | 3,460 | 10,406 | 13,866 |
| Investment and Other Income | | | 33 | | 33 | (33) | — |
| Total Revenue | | | \$ 72,747 | \$ 5,961 | \$ 66,786 | \$ 200,523 | \$ 267,309 |

PORTFOLIO INFORMATION

Tenant Purchase Options (\$ in thousands)

| Asset Type | Number of Facilities | Lease Expiration | 1st Option Open Year | Current Cash Rent | % of Total ¹ |
|------------|----------------------|------------------|----------------------|-------------------|-------------------------|
| MOB | 1 | February 2025 | Open | \$ 163 | 0.1% |
| SHO | 4 | September 2027 | Open | 1,500 | 0.6% |
| SHO | 8 | December 2024 | 2020 | 4,310 | 1.7% |
| HOSP | 1 | March 2025 | 2020 | 1,845 | 0.7% |
| SHO | 3 | June 2025 | 2020 | 5,047 | 2.0% |
| HOSP | 1 | September 2027 | 2020 | 2,626 | 1.0% |
| SHO | 2 | May 2031 | 2021 | 4,726 | 1.9% |
| HOSP | 1 | June 2022 | 2022 | 3,419 | 1.3% |
| Various | 8 | — | Thereafter | 4,367 | 1.7% |
| | | | | | 11.0% |

¹Based on annualized cash revenue of \$267,309,000 for contracts in place at March 31, 2018

Lease Maturities² (annualized cash rent; \$ in thousands)

| | # of Properties | SHO | SNF | Other | Total |
|------------|-----------------|---------|--------|-------|---------|
| 2018 | — | \$ — | \$ — | \$ — | \$ — |
| 2019 | — | — | — | — | — |
| 2020 | 6 | 2,715 | — | 341 | 3,056 |
| 2021 | 2 | 780 | 1,214 | — | 1,994 |
| 2022 | 4 | 789 | — | 3,419 | 4,208 |
| 2023 | 15 | 10,969 | 2,771 | — | 13,740 |
| 2024 | 10 | 7,174 | — | — | 7,174 |
| 2025 | 6 | 5,524 | — | 2,425 | 7,949 |
| 2026 | 32 | — | 33,846 | — | 33,846 |
| 2027 | 10 | 7,188 | — | 2,626 | 9,814 |
| Thereafter | 115 | 124,976 | 37,427 | — | 162,403 |

²Excludes leases that auto renew

RECONCILIATIONS

(\$ in thousands)

| Adjusted EBITDA Reconciliation | Three Months Ended | |
|---|---------------------|------------------|
| | March 31, 2018 | March 31, 2017 |
| Net Income | \$ 38,432 | \$ 44,230 |
| Interest expense | 11,614 | 11,661 |
| Franchise, excise, and other taxes | 346 | 267 |
| Depreciation | 17,335 | 16,144 |
| Net gain on sales of real estate | — | (50) |
| Gain on sale of marketable securities | — | (10,038) |
| Loss on early retirement of convertible debt | 738 | — |
| Recognition of unamortized note receivable commitment | (515) | — |
| Adjusted EBITDA | \$ 67,950 | \$ 62,214 |
| Net Debt to Adjusted EBITDA | | |
| Consolidated Total Debt | 1,160,226 | |
| Less cash and cash equivalents | (3,230) | |
| Consolidated Net Debt | \$ 1,156,996 | |
| Adjusted EBITDA | \$ 67,950 | |
| Annualizing Adjustment | 203,850 | |
| Annualized impact of recent investments | — | |
| | \$ 271,800 | |
| Consolidated Net Debt to Adjusted EBITDA | | 4.3x |

Certain balances were reclassified to conform the presentation of prior periods to the current period.

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.



NIH
Q1 2018 SUPPLEMENTAL