REFINITIV

DELTA REPORT

10-Q

NHI - NATIONAL HEALTH INVESTORS

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1041
CHANGES	321
DELETIONS	301
ADDITIONS	419

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, June 30, 2024

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____________ to _____________

Commission File Number 001-10822

National Health Investors, Inc.

(Exact name of registrant as specified in its charter)

Maryland	62-1470956
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
222 Robert Rose Drive Murfreesboro Tennessee	37129
(Address of principal executive offices)	(Zip Code)

(615) 890-9100

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	NHI	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 43,424,841 43,442,849 shares of common stock outstanding of the registrant outstanding as of May 1, 2024 August 1, 2024.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements
NATIONAL HEALTH INVESTORS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
	(unaudited)	
Assets:		
Assets:		
Assets:		
Real estate properties:		
Real estate properties:		
Real estate properties:		
Land		
Land		
Land		
Buildings and improvements		
Construction in progress		
	2,783,370	
	2,812,153	
Less accumulated depreciation		
Real estate properties, net		
Mortgage and other notes receivable, net of reserve of $15,475 and $15,476, respectively		
Mortgage and other notes receivable, net of reserve of $15,921 and $15,476, respectively		
Cash and cash equivalents		
Straight-line rent receivable		
Assets held for sale, net		
Other assets, net		
Total Assets(a)		
Liabilities and Stockholders' Equity:		
Liabilities and Stockholders' Equity:		

Liabilities and Stockholders' Equity:

Debt

Debt

Debt

Accounts payable and accrued expenses

Dividends payable

Deferred income

Deferred income

Deferred income

Total Liabilities(a)

Commitments and contingencies

Commitments and contingencies

Commitments and contingencies

Redeemable noncontrolling interest

Redeemable noncontrolling interest

Redeemable noncontrolling interest

National Health Investors, Inc. Stockholders' Equity:

National Health Investors, Inc. Stockholders' Equity:

National Health Investors, Inc. Stockholders' Equity:

Common stock, $0.01 par value, 100,000,000 shares authorized;

Common stock, $0.01 par value, 100,000,000 shares authorized;

Common stock, $0.01 par value, 100,000,000 shares authorized;

43,424,841 and 43,409,841 shares issued and outstanding, respectively

43,424,841 and 43,409,841 shares issued and outstanding, respectively

43,424,841 and 43,409,841 shares issued and outstanding, respectively

Common stock, $0.01 par value per share, 100,000,000 shares authorized;

Common stock, $0.01 par value per share, 100,000,000 shares authorized;

Common stock, $0.01 par value per share, 100,000,000 shares authorized;

43,442,849 and 43,409,841 shares issued and outstanding, respectively

43,442,849 and 43,409,841 shares issued and outstanding, respectively

43,442,849 and 43,409,841 shares issued and outstanding, respectively

Capital in excess of par value

Retained earnings

Cumulative dividends

Total National Health Investors, Inc. Stockholders' Equity

Total National Health Investors, Inc. Stockholders' Equity

Total National Health Investors, Inc. Stockholders' Equity

Noncontrolling interests

Total Equity

Total Liabilities and Equity

(a) The condensed consolidated balance sheets include the following amounts related to our consolidated Variable Interest Entities (VIEs) ("VIE"s): $510.1 million $507.9 million and $513.2 million of Real estate properties, net; $5.4 million $8.3 million and $10.9 million of Cash and cash equivalents; $9.7 million $9.8 million and $9.7 million of Straight-line rent receivable; $9.8 million $9.3 million and $9.4 million of Other assets, net; and $2.6 million

$4.3 million and $4.7 million of Accounts payable and accrued expenses, in each case as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

The accompanying notes to condensed consolidated financial statements are an integral part of these condensed consolidated financial statements. The Condensed Consolidated Balance Sheet at December 31, 2023 was derived from the audited consolidated financial statements at that date.

NATIONAL HEALTH INVESTORS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except share and per share amounts)

	Three Months Ended		**Three Months Ended**		**Six Months Ended**
	Three Months Ended				
	Three Months Ended				
	March 31,				
	March 31,				
	March 31,				
	2024				
	2024				
			June 30,		
	2024	**2024**	**2023**	**2024**	**2023**
	(unaudited)				
	(unaudited)				
	(unaudited)				
Revenues:					
Revenues:					
Revenues:					
Rental income					
Rental income					
Rental income					
Resident fees and services					
Resident fees and services					
Resident fees and services					
Interest income and other					
Interest income and other					
Interest income and other					
	81,513				
	81,513				
	81,513				
Expenses:					
Expenses:					
84,970					
Expenses:					
Depreciation					
Depreciation					
Depreciation					
Interest					
Interest					
Interest					
Senior housing operating expenses					
Senior housing operating expenses					
Senior housing operating expenses					
Legal					
Legal					
Legal					
Franchise, excise and other taxes					
Franchise, excise and other taxes					
Franchise, excise and other taxes					
General and administrative					

General and administrative		
General and administrative		
Taxes and insurance on leased properties		
Taxes and insurance on leased properties		
Taxes and insurance on leased properties		
Loan and realty losses (gains)		
Loan and realty losses (gains)		
Loan and realty losses (gains)		
		51,122
		51,122
		51,122
	51,771	
Gains on sales of real estate, net		
Gains on sales of real estate, net		
Gains on sales of real estate, net		
Gain on operations transfer, net		
Gains from equity method investment		
Gains from equity method investment		
Loss on early retirement of debt		
Loss on early retirement of debt		
Loss on early retirement of debt		
Gains from equity method investment		
Net income		
Net income		
Net income		
Add: net loss attributable to noncontrolling interests		
Add: net loss attributable to noncontrolling interests		
Add: net loss attributable to noncontrolling interests		
Net income attributable to stockholders		
Net income attributable to stockholders		
Net income attributable to stockholders		
Less: net income attributable to unvested restricted stock awards		
Less: net income attributable to unvested restricted stock awards		
Less: net income attributable to unvested restricted stock awards		
Net income attributable to common stockholders		
Net income attributable to common stockholders		
Net income attributable to common stockholders		
Weighted average common shares outstanding:		
Weighted average common shares outstanding:		
Weighted average common shares outstanding:		
Basic		
Basic		
Basic		
Diluted		
Diluted		
Diluted		
Earnings per common share - basic		
Earnings per common share - basic		
Earnings per common share - basic		
Earnings per common share - diluted		
Earnings per common share - diluted		

Earnings per common share - diluted

The accompanying notes to condensed consolidated financial statements are an integral part of these condensed consolidated financial statements.

NATIONAL HEALTH INVESTORS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
($ in thousands)

	Three Months Ended March 31,	
	2024	**2023**
	(*unaudited*)	
Cash flows from operating activities:		
Net income	$ 30,657	$ 34,183
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	17,505	17,617
Amortization of debt issuance costs, debt discounts and prepaids	1,440	1,048
Amortization of commitment fees and note receivable discounts	(94)	(148)
Amortization of lease incentives	723	299
Straight-line rent adjustments	308	(2,097)
Non-cash rental income	—	(2,500)
Non-cash interest income on mortgage and other notes receivable	(25)	(376)
Gains on sales of real estate, net	(100)	(1,397)
Gains from equity method investment	(166)	—
Loan and realty losses (gains)	10	(418)
Payment of lease incentive	—	(10,000)
Non-cash share-based compensation	2,155	2,105
Changes in operating assets and liabilities:		
Other assets, net	(3,631)	(3,772)
Accounts payable and accrued expenses	(7,523)	(3,277)
Deferred income	(432)	(219)
Net cash provided by operating activities	40,827	31,048
Cash flows from investing activities:		
Investments in mortgage and other notes receivable	(16,004)	(7,219)
Collections of mortgage and other notes receivable	2,621	7,211
Acquisitions of real estate	—	(38,081)
Proceeds from sales of real estate	—	10,201
Investments in renovations of existing real estate	(2,293)	(1,147)
Investments in equipment	(683)	(986)
Distributions from equity method investment	166	2,500
Net cash used in investing activities	(16,193)	(27,521)
Cash flows from financing activities:		
Proceeds from revolving credit facility	59,000	192,000
Payments on revolving credit facility	(55,500)	(19,000)
Payments on term loans	(105)	(145,103)
Distributions to noncontrolling interests	(248)	(363)
Dividends paid to stockholders	(39,069)	(39,050)
Proceeds from noncontrolling interest	—	2,000
Net cash used in financing activities	(35,922)	(9,516)
Decrease in cash and cash equivalents and restricted cash	(11,288)	(5,989)

Cash and cash equivalents and restricted cash, beginning of period	24,617	21,516
Cash and cash equivalents and restricted cash, end of period	$ 13,329	$ 15,527

The accompanying notes to condensed consolidated financial statements are an integral part of these condensed consolidated financial statements.

	Six Months Ended June 30,	
	2024	***2023***
	(unaudited)	
Cash flows from operating activities:		
Net income	*$ 65,610*	*$ 73,630*
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	*34,995*	*35,347*
Amortization of debt issuance costs, debt discounts and prepaids	*3,018*	*2,082*
Amortization of commitment fees and note receivable discounts	*191*	*(234)*
Amortization of lease incentives	*1,446*	*1,075*
Straight-line rent adjustments	*(905)*	*(4,972)*
Non-cash rental income	*—*	*(2,500)*
Non-cash interest income on mortgage and other notes receivable	*(25)*	*(784)*
Gains on sales of real estate, net	*(1,617)*	*(12,763)*
Gains from equity method investment	*(402)*	*—*
Loss on early retirement of debt	*—*	*73*
Loan and realty losses (gains)	*1,116*	*(232)*
Payment of lease incentive	*—*	*(10,000)*
Non-cash share-based compensation	*2,842*	*2,874*
Changes in operating assets and liabilities:		
Other assets, net	*(2,822)*	*(2,632)*
Accounts payable and accrued expenses	*(1,275)*	*776*
Deferred income	*(606)*	*(196)*
Net cash provided by operating activities	*101,566*	*81,544*
Cash flows from investing activities:		
Investments in mortgage and other notes receivable	*(26,604)*	*(12,174)*
Collections of mortgage and other notes receivable	*8,347*	*9,493*
Fees received on mortgage note	*82*	*—*
Acquisitions of real estate	*(9,866)*	*(38,081)*
Proceeds from sales of real estate	*4,658*	*48,619*
Investments in renovations of existing real estate	*(5,039)*	*(2,910)*
Investments in equipment	*(1,524)*	*(1,467)*
Distributions from equity method investment	*402*	*2,500*
Net cash (used in) provided by investing activities	*(29,544)*	*5,980*
Cash flows from financing activities:		
Proceeds from revolving credit facility	*120,000*	*231,000*
Payments on revolving credit facility	*(120,500)*	*(77,000)*
Borrowings on term loan	*—*	*200,000*
Payments on term loans	*(222)*	*(365,203)*
Debt issuance costs	*—*	*(2,747)*
Distributions to noncontrolling interests	*(533)*	*(638)*
Dividends paid to stockholders	*(78,151)*	*(78,100)*
Taxes related to net settlement of equity awards	*(400)*	*—*

NATIONAL HEALTH INVESTORS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(in thousands)

	Three Months Ended March 31,

	2024	2023
	(unaudited)	
Supplemental disclosure of cash flow information:		
Interest paid, net of amounts capitalized	$ 16,949	$ 15,878
Supplemental disclosure of non-cash investing and financing activities:		
Real estate acquired in exchange for mortgage note receivable	$ —	$ 14,200
Change in accounts payable related to renovations of existing real estate	$ 36	$ 20
Change in accounts payable related to distributions to noncontrolling interests	$ 37	$ 90
Reclassification of prepaid equity issuance costs to capital in excess of par value	$ —	$ 275

Proceeds from noncontrolling interest	70	2,922
Net cash used in financing activities	(79,736)	(89,766)
Decrease in cash and cash equivalents and restricted cash	(7,714)	(2,242)
Cash and cash equivalents and restricted cash, beginning of period	24,617	21,516
Cash and cash equivalents and restricted cash, end of period	$ 16,903	$ 19,274

The accompanying notes to condensed consolidated financial statements are an integral part of these condensed consolidated financial statements.

NATIONAL HEALTH INVESTORS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(in thousands)

	Six Months Ended June 30,	
	2024	2023
	(unaudited)	
Supplemental disclosure of cash flow information:		
Interest paid, net of amounts capitalized	$ 28,322	$ 25,971
Supplemental disclosure of non-cash investing and financing activities:		
Real estate acquired in exchange for mortgage note receivable	$ 22,184	$ 14,200
Increase in notes receivable from sales of real estate	$ —	$ 699
Change in accounts payable related to renovations of existing real estate	$ (87)	$ 244
Change in accounts payable related to distributions to noncontrolling interests	$ 18	$ 75
Right of use asset in exchange for lease liability	$ 115	$ —
Reclassification of prepaid equity issuance costs to capital in excess of par value	$ —	$ 275

The accompanying notes to condensed consolidated financial statements are an integral part of these condensed consolidated financial statements.

NATIONAL HEALTH INVESTORS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(unaudited, in thousands, except share and per share amounts)

Common Stock

Common Stock

Common Stock	Capital in Excess of Par Value	Retained Earnings	Cumulative Dividends	Total National Health Investors, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity	Capital in Excess	Retained Earnings	Cumulative Dividends	Total National Health Investors,	Noncontrolling Interests	Total Equity

of Par
Value

Inc.
Stockholders'
Equity

Shares

Balances at December 31, 2023

Balances at December 31, 2023

Balances at December 31, 2023

Distributions declared to noncontrolling interests, excluding $6 attributable to redeemable noncontrolling interest

Distributions declared to noncontrolling interests, excluding $6 attributable to redeemable noncontrolling interest

Distributions declared to noncontrolling interests, excluding $6 attributable to redeemable noncontrolling interest

Net income, excluding a loss of $225, attributable to redeemable noncontrolling interest

Grants of restricted stock

Share-based compensation

Share-based compensation

Share-based compensation

Dividends declared, $0.90 per common share

Activity for the three months ended March 31, 2024

Noncontrolling interest capital contribution

Distributions declared to noncontrolling interests, excluding $3 attributable to redeemable noncontrolling interest

Net income, excluding a loss of $253, attributable to redeemable noncontrolling interest

Taxes related to net settlement of equity awards

Taxes related to net settlement of equity awards

Taxes related to net settlement of equity awards

Shares issued on stock options exercised

Share-based compensation

Share-based compensation

Balances at March 31, 2024

Balances at March 31, 2024

Balances at March 31, 2024

Share-based compensation

Dividends declared, $0.90 per common share

Activity for the three months ended June 30, 2024

Balances at June 30, 2024

	Common Stock		Capital in Excess of Par Value	Retained Earnings	Cumulative Dividends	Total National Health Investors Stockholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Amount						
Balances at December 31, 2022	43,388,742	$ 434	$ 1,599,427	$ 2,331,190	$ (2,660,826)	$ 1,270,225	$ 9,856	$ 1,280,081

	Shares	Amount	Capital in Excess of Par Value	Retained Earnings	Cumulative Dividends	Total National Health Investors Stockholders' Equity	Noncontrolling Interests	Total Equity
Noncontrolling interests capital contribution	—	—	—	—	—	—	2,000	2,000
Distributions declared to noncontrolling interests	—	—	—	—	—	—	(273)	(273)
Net income, excluding a loss of $305 attributable to redeemable noncontrolling interest	—	—	—	34,484	—	34,484	4	34,488
Equity issuance cost	—	—	(275)	—	—	(275)	—	(275)
Share-based compensation	—	—	2,105	—	—	2,105	—	2,105
Dividends declared, $0.90 per common share	—	—	—	—	(39,050)	(39,050)	—	(39,050)
Balances at March 31, 2023	43,388,742	$ 434	$ 1,601,257	$ 2,365,674	$ (2,699,876)	$ 1,267,489	$ 11,587	$ 1,279,076

NATIONAL HEALTH INVESTORS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(unaudited, in thousands, except share and per share amounts)

	Common Stock		Capital in Excess of Par Value	Retained Earnings	Cumulative Dividends	Total National Health Investors Stockholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Amount						
Balances at December 31, 2022	43,388,742	$ 434	$ 1,599,427	$ 2,331,190	$ (2,660,826)	$ 1,270,225	$ 9,856	$ 1,280,081
Noncontrolling interests capital contribution	—	—	—	—	—	—	2,000	2,000
Distributions declared to noncontrolling interests	—	—	—	—	—	—	(273)	(273)
Net income, excluding a loss of $305 attributable to redeemable noncontrolling interest	—	—	—	34,484	—	34,484	4	34,488
Equity issuance cost	—	—	(275)	—	—	(275)	—	(275)
Share-based compensation	—	—	2,105	—	—	2,105	—	2,105
Dividends declared, $0.90 per common share	—	—	—	—	(39,050)	(39,050)	—	(39,050)
Activity for the three months ended March 31, 2023	—	—	1,830	34,484	(39,050)	(2,736)	1,731	(1,005)
Distributions declared to noncontrolling interests	—	—	—	—	—	—	(290)	(290)
Net income, excluding a loss of $270 attributable to redeemable noncontrolling interest	—	—	—	39,779	—	39,779	(62)	39,717
Grants of restricted stock	21,000	—	—	—	—	—	—	—
Shares issued on stock options exercised	99	—	—	—	—	—	—	—
Share-based compensation	—	—	769	—	—	769	—	769
Dividends declared, $0.90 per common share	—	—	—	—	(39,069)	(39,069)	—	(39,069)
Activity for the three months ended June 30, 2023	21,099	—	769	39,779	(39,069)	1,479	(352)	1,127
Balances at June 30, 2023	43,409,841	$ 434	$ 1,602,026	$ 2,405,453	$ (2,738,945)	$ 1,268,968	$ 11,235	$ 1,280,203

The accompanying notes to condensed consolidated financial statements are an integral part of these condensed consolidated financial statements.

NATIONAL HEALTH INVESTORS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, June 30, 2024
(unaudited)

Note 1. Organization and Nature of Business

National Health Investors, Inc. ("NHI," the "Company," "we," "us," or "our"), established in 1991 as a Maryland corporation, is a self-managed real estate investment trust ("REIT") specializing in sale-leaseback, joint venture and mortgage and mezzanine financing of need-driven and discretionary senior housing and medical facility investments. We operate through two reportable segments: Real Estate Investments and Senior Housing Operating Portfolio ("SHOP").

Our Real Estate Investments segment consists of real estate investments and leases, and mortgage and other notes receivables in independent living facilities ("ILF" ILFs"), assisted living facilities ("ALF" ALFs"), entrance-fee communities ("EFC" EFCs"), senior living campuses ("SLC" SLCs"), skilled nursing facilities ("SNF" SNFs") and a hospital ("HOSP"). As of March 31, 2024 June 30, 2024, we had gross real estate investments of approximately $2.4 billion $2.5 billion in 163 161 healthcare real estate properties located in

31 states and leased pursuant primarily to triple-net leases to 25 tenants consisting of 97 95 senior housing communities, 65 SNFs and one HOSP, excluding one property two properties classified as an asset assets held for sale. Our portfolio of nine ten mortgages along with other notes receivable totaled $274.3 million $256.8 million, excluding an allowance for expected credit losses of $15.5 million $15.9 million, as of March 31, 2024 June 30, 2024.

Our SHOP segment is comprised of two ventures that own the operations of ILFs. For this segment, as of March 31, 2024 June 30, 2024, we had gross investments of approximately $348.7 million $351.1 million in 15 ILFs located in eight states with a combined 1,732 units that are operated on behalf of the Company by independent managers pursuant to the terms of separate management agreements. The third-party managers, or related parties of the managers, own equity interests in the respective ventures. Units, beds and property count disclosures in these footnotes to the condensed consolidated financial statements are outside the scope of our independent registered accounting firm's review.

Note 2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("GAAP") for interim financial statements. In our opinion, the accompanying unaudited condensed consolidated financial statements reflect all adjustments consisting of normal recurring adjustments necessary for a fair presentation. Interim results of operations are not necessarily indicative of the results that may be achieved for a full year. The condensed consolidated financial statements and related notes do not include all information and footnotes required by GAAP for annual reports. These interim condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and notes thereto as of and for the year ended December 31, 2023, included in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission (the "SEC").

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries, joint ventures and subsidiaries in which we have a controlling interest. We also consolidate certain entities when control of such entities can be achieved through means other than voting rights ("variable interest entities" or "VIEs") if the Company is deemed to be the primary beneficiary of such entities. All material intercompany transactions and balances are eliminated in consolidation.

Our consolidated total assets and liabilities include two consolidated ventures comprising our SHOP activities, each formed with a separate partner - Merrill Gardens, L.L.C. ("Merrill") and DSHI NHI Holiday LLC (the "Discovery member"), a related party of Discovery Senior Living ("Discovery"). We consider both ventures to be VIEs as the members of each, as a group, lack the characteristics of a controlling financial interest. We are deemed to be the primary beneficiary of each VIE because we have the ability to control the activities that most significantly impact each VIE's economic performance. Reference Notes 5 and 16 for further discussion of our SHOP ventures.

We also consolidate two real estate partnerships formed with our partners, Discovery Senior Housing Investor XXIV, LLC, a related party of Discovery, and LCS Timber Ridge LLC ("LCS"), to invest in senior housing facilities. We consider both partnerships to be VIEs, as either the members, as a group, lack the characteristics of a controlling financial interest or the total

equity at risk is insufficient to finance activities without additional subordinated financial support. NHI directs the activities that most significantly impact economic performance of these partnerships, subject to limited protective rights extended to our partners for specified business decisions. Because of our control of these partnerships, we include their assets, liabilities, noncontrolling interests and operations in our condensed consolidated financial statements. Reference Note 16 for further discussion of these consolidated real estate partnerships.

We use the equity method of accounting when we own an interest in an entity over which we can exert significant influence but cannot control the entity's operations. We discontinue equity method accounting if our investment in an entity (and net advances) is reduced to zero unless we have guaranteed obligations of the entity or are otherwise committed to provide further financial support for the entity. Reference Note 6 for further discussion of our equity method investment.

We have concluded that the Company is not the primary beneficiary for certain investments where we lack either directly or through related parties the power to direct the activities that most significantly impact their economic performance. See Note 16 for information on unconsolidated VIEs.

Noncontrolling Interests

Contingently redeemable noncontrolling interests are recorded at their initial carrying amounts upon issuance and are subsequently adjusted to reflect their share of gains or losses, contributions, and distributions attributable to the noncontrolling interests. In periods where they are or will become probable of redemption, an adjustment to the redemption value of the noncontrolling interests is also recognized through "*Capital in excess of par value*" on the Company's Condensed Consolidated Balance Sheets and included in our computation of earnings per share. As of March 31, 2024 June 30, 2024, the Merrill SHOP venture noncontrolling interest was classified in mezzanine equity, as discussed further in Note 10.

The noncontrolling interests associated with our two consolidated real estate partnerships and our Discovery member SHOP venture were classified in equity as of March 31, 2024 June 30, 2024.

Cash and Cash Equivalents and Restricted Cash

Cash equivalents consist of all highly liquid investments with original maturities of three months or less. Restricted cash includes amounts required to be held on deposit or subject to an agreement (*e.g*., with a qualified intermediary subject to an exchange agreement pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code") or in accordance with agency agreements governing our mortgages).

The following table sets forth our "*Cash and cash equivalents and restricted cash*" reported within the Company's Condensed Consolidated Statements of Cash Flows (*$ in thousands*):

	March 31, 2024	March 31, 2023
	June 30, 2024	June 30, 2023
Beginning of period:		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Restricted cash (included in Other assets, net)		
Cash, cash equivalents, and restricted cash		
End of period:		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Restricted cash (included in Other assets, net)		
Cash, cash equivalents, and restricted cash		

Concentration of Credit Risks

Our credit risks primarily relate to cash and cash equivalents and investments in mortgage and other notes receivable. Cash and cash equivalents are primarily held in bank accounts and overnight investments. We maintain our bank deposit accounts with large financial institutions in amounts that may exceed federally insured limits. We have not experienced any losses in such accounts. Our mortgage and other notes receivable consist primarily of secured loans on facilities.

Our financial instruments, principally our investments in mortgage and other notes receivable, are subject to the possibility of loss of the carrying values as a result of the failure of other parties to perform according to their contractual obligations which

may make the instruments less valuable. We obtain collateral in the form of mortgage liens and other protective rights for mortgage and other notes receivable and continually monitor these rights in order to reduce such possibilities of loss. We evaluate the need to provide for reserves for potential losses on our financial instruments based on management's periodic review of our portfolio on an instrument-by-instrument basis.

Impairment of Long-Lived Assets

We evaluate the recoverability of the carrying amount of our long-lived assets when events or circumstances, including significant physical changes, significant adverse changes in general economic conditions or significant deterioration of the underlying cash flows of the long-lived assets, indicate that the carrying amount of the long-lived assets may not be recoverable. The need to recognize an impairment charge is based on estimated undiscounted future cash flows compared to the carrying amount. If recognition of an impairment charge is necessary, it is measured as the amount by which the carrying amount of the property exceeds the estimated fair value of the long-lived asset.

Revenue Recognition

Rental Income - Our leases generally provide for rent escalators throughout the term of the lease. Base rental income is recognized using the straight-line method over the term of the lease to the extent that lease payments are considered collectable and the lease provides for specific contractual escalators. Under certain leases, we receive additional contingent rent, which is calculated on the increase in revenues of the tenant over a base year or base quarter. We recognize contingent rent annually or quarterly based on the actual revenues of the tenant once the target threshold has been achieved. Lease payments that depend on a factor directly related to future use of the property, such as an increase in annual revenues over a base year, are considered to be contingent rent and are excluded from the schedule of minimum lease payments.

The Company reviews its operating lease receivables for collectability on a regular basis, taking into consideration changes in factors such as the tenant's payment history, the financial condition of the tenant, business conditions in which the tenant operates and economic conditions in the area where the property is located. In the event that collectability of substantially all lease payments with respect to any tenant is not probable, a direct write-off of the receivable is made as an adjustment to rental income and any future rental revenue is recognized only when the tenant makes a rental payment. Reference Note 3 for further discussion.

Resident Fees and Services - Resident fee and services revenue associated with our SHOP activities is recognized as the related performance obligations are satisfied and includes resident room charges, community fees and other resident charges.

Residency agreements are generally short-term (30 days to one year), and entitle the resident to certain room and care services for a monthly fee billed in advance. Revenue for certain related services is billed monthly in arrears. The Company has elected the lessor practical expedient within Accounting Standards Codification ("ASC") 842, Leases, not to separate the lease and nonlease components within our resident agreements as the timing and pattern of transfer to the resident are the same. The Company has determined that the nonlease component is the predominant component within the contract and will recognize revenue under ASC 606, Revenue Recognition from Contracts with Customers.

Interest Income from Mortgage and Other Notes Receivable

Interest income is recognized based on the interest rates and principal amounts outstanding on the notes receivable. We identify a mortgage note as non-performing based on various criteria including timeliness of required payments, compliance with other provisions under the related note agreement, and an evaluation of the borrower's current financial condition for indicators that it is probable it cannot pay its contractual amounts. A non-performing loan is returned to accrual status at such time as the note becomes contractually current and management believes all future principal and interest will be received according to the contractual terms of the note. As of March 31, 2024 June 30, 2024, we had two mortgage notes receivable and a mezzanine loan totaling an aggregate of $26.5 million due from affiliates of two operators/borrowers, including Bickford Senior Living ("Bickford"), designated as non-performing.

Income Taxes

We intend at all times to qualify as a REIT under Sections 856 through 860 of the Internal Revenue Code. Accordingly, we will generally not be subject to U.S. federal income tax, provided that we continue to qualify as a REIT and make distributions to stockholders equal to or in excess of 90% our taxable income. REIT. A failure to qualify under the applicable REIT qualification rules and regulations would have a material adverse impact on our financial position, results of operations and cash flows.

Certain activities that we undertake may be conducted by subsidiary entities that have elected to be treated as taxable REIT subsidiaries ("TRSs"). TRSs are subject to federal, state, and local income taxes. Accordingly, a provision for income taxes has been made in the condensed consolidated financial statements.

Segments

We operate our business through two reportable segments: Real Estate Investments and SHOP. In our Real Estate Investments segment, we invest in (i) senior housing and healthcare real estate and lease those properties to healthcare operating companies under primarily triple-net leases that obligate tenants to pay all property-related expenses and (ii) mortgage and other notes receivable throughout the United States. Our SHOP segment is comprised of the operations of 15 ILFs located throughout the United States that are operated on behalf of the Company by independent managers pursuant to the terms of separate management agreements. Reference Notes 5 and 15 for additional information.

Earnings Per Share

Our unvested restricted stock awards contain non-forfeitable rights to dividends, and accordingly, these awards are deemed to be participating securities. Therefore, the Company applies the two-class method to calculate basic and diluted earnings. Under the two-class method, we allocate net income attributable to stockholders to common stockholders and holders of unvested restricted stock by using the weighted-average shares of each class outstanding for quarter-to-date and year-to-date periods, based on their respective participation rights to dividends declared and undistributed earnings. Basic earnings per common share is computed by dividing net income attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per common share reflects the effect of dilutive securities.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board issued Accounting Standard Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The ASU enhances segment disclosures by requiring public entities to provide investors with additional, more detailed information about a reportable segment's expenses. The ASU also requires disclosure of the chief operating decision maker's ("CODM") title and position on an annual basis, as well as an explanation of how the CODM uses the reported measures and other disclosures. The amendment is effective for the Company for the year ending December 31, 2024. We are currently evaluating the impact of this standard on our consolidated financial statements and related disclosures.

Note 3. Investment Activity

Asset Acquisitions

In June 2024, we acquired a 110-unit ALF located in Sussex, Wisconsin, from Encore Senior Living ("Encore"). The acquisition price was $32.1 million, including $0.1 million in closing costs, and the cancellation of an outstanding construction note receivable held by us of $22.2 million including interest. We added the facility to an existing master lease with Encore for a term of 15 years at an initial lease rate of 8.25%, and annual escalators of 2.21%. Of the total purchase price $1.3 million was allocated to land and $30.8 million was allocated to buildings and improvements.

Asset Dispositions

During the three and six months ended June 30, 2024, we completed the sale of two ALFs located in Louisiana, previously leased to one of our tenants on cash basis of accounting for revenue recognition, for net cash proceeds of $4.7 million, resulting in a gain of approximately $1.4 million.

Tenant Concentration

The following table contains information regarding concentration in our Real Estate Investments portfolio of tenants or affiliates of tenants that exceed 10% of total revenues as of and for the three six months ended March 31, 2024 June 30, 2024 and 2023, excluding $2.6 million for our corporate office, a credit loss reserve of $15.5 million $15.9 million and $348.7 million $351.1 million in real estate assets in the SHOP segment (*$ in thousands*):

	As of March 31, 2024			Revenues[1]			
				Three Months Ended March 31,			
	Asset Class	Gross Real Estate[2]	Notes Receivable	2024		2023	
Senior Living Communities, LLC ("Senior Living")	EFC	$ 573,631	$ 48,200	$ 12,815	16%	$ 12,833	16%
National HealthCare Corporation ("NHC")	SNF	133,770	—	11,246	14%	9,807	12%
Bickford	ALF	429,043	16,747	10,054	12%	11,162	14%
All others, net	Various	1,307,634	209,402	31,409	39%	34,267	41%
Escrow funds received from tenants for property operating expenses	Various	—	—	2,733	3%	2,619	3%
		$ 2,444,078	$ 274,349	68,257		70,688	
Resident fees and services[3]				13,256	16%	11,700	14%
				$ 81,513		$ 82,388	

	As of June 30, 2024			Revenues[1]			
				Six Months Ended June 30,			
	Asset Class	Gross Real Estate[2]	Notes Receivable	2024		2023	
Senior Living Communities, LLC ("Senior Living")	EFC	$ 573,631	$ 45,375	$ 26,406	16%	$ 25,658	16%
National HealthCare Corporation ("NHC")	SNF	133,770	—	20,836	13%	18,983	12%
Bickford	ALF	426,798	16,697	20,691	12%	19,977	12%
All others, net	Various	1,339,754	194,699	66,369	40%	66,323	41%
Escrow funds received from tenants for property operating expenses	Various	—	—	5,535	3%	5,830	4%
		$ 2,473,953	$ 256,771	139,837		136,771	
Resident fees and services[3]				26,645	16%	23,493	15%
				$ 166,482		$ 160,264	

[1] Includes interest income on notes receivable and rental income from properties classified as assets held for sale.

[2] Amounts include any properties classified as held for sale.

[3] There is no tenant concentration in "Resident fees and services" because these agreements are with individual residents.

At March 31, 2024 June 30, 2024, the two states in which we had an investment concentration of 10% or more were South Carolina (12.1% (12.0%) and Texas (10.7% (10.6%).

Senior Living

As of March 31, 2024 June 30, 2024, we leased ten retirement communities to Senior Living. In the second quarter of 2024, two of the leases were amended to extend the maturity dates by two years and to provide up to $10.0 million of capital improvements on various properties, none of which was funded as of June 30, 2024. Rental revenue will increase at a lease rate of 8.5% applied to the amount expended. We recognized straight-line rent revenue of $(0.7) $(0.5) million and $(0.3) $(0.6) million from Senior Living for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively.

NHC

As of March 31, 2024 June 30, 2024, we leased three ILFs and 32 SNFs to NHC, a publicly held company, under a master lease (four of which are were subleased to other parties for whom the lease payments are were guaranteed to us by NHC). Straight-line rental rent revenue of $0.1 million and $(0.3) $(0.6) million was recognized from NHC for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively.

NHC Percentage Rent - Under the terms of our master lease agreement with NHC, rent escalates by 4% of the increase, if any, in each of the facility's revenue over a base year and is referred to as "percentage rent." The following table summarizes the percentage rent income from NHC (*$ in thousands*):

Three Months Ended March 31,

	Three Months Ended March 31, Three Months Ended March 31,		Six Months Ended June 30,			
	2024		2024	2023	2024	2023
Current year						
Prior year final certification[1]						
Total percentage rent income						

[1] For purposes of the percentage rent calculation described in the master lease agreement, NHC's annual revenue by facility for a given year is certified to NHI by March 31st of the following year.

Two of the members of our Board of Directors, including our chairman, are also members of NHC's board of directors.

Bickford

As of March 31, 2024 June 30, 2024, we leased 39 facilities, including one property reclassified to assets held for sale in the second quarter of 2024, to Bickford under four leases. During In 2022, we converted Bickford to the cash basis of revenue recognition based upon

information obtained from Bickford regarding its financial condition that raised substantial doubt as to its ability to continue as a going concern.

Effective April 1, 2024, the combined rent for the Bickford leased portfolio was reset to $34.5 million per year with nominal increases through April 1, 2026, at which time the rent will be reset to a fair market value based on the Consumer Price Index ("CPI"). Base rent will escalate annually thereafter based on either a fixed percentage or CPI subject to a floor of 2% and a ceiling of 3%. As part of the lease amendments, we agreed to fund up to $8.0 million of capital improvements on various properties, of which less than $0.1 million was funded as of June 30, 2024. Rental revenue will increase at a lease rate of 8.0% applied to the amount expended.

During the three and six months ended March 31, 2024 June 30, 2024, Bickford repaid $1.5 million $1.3 million and $2.8 million, respectively, of its outstanding pandemic-related rent deferrals. During the three and six months ended March 31, 2023 June 30, 2023, Bickford repaid $0.2 million $0.4 million and $0.6 million, respectively, of its outstanding pandemic-related rent deferrals, in addition to the reduction in rent deferrals of $2.5 million recognized in connection with the acquisition of an ALF located in Chesapeake, Virginia from Bickford through a note receivable conversion. As of March 31, 2024 June 30, 2024, Bickford's outstanding pandemic-related rent deferrals were $16.5 million $15.2 million.

Effective April 1, 2024, the combined rent for the portfolio was reset to $34.5 million per year through April 1, 2026, at which time the rent will be reset and will increase annually thereafter based on the Consumer Price Index. The minimum annual increase will be 2% with a cap on the annual increase of 3%. As part of the lease amendments, we agreed to fund up to $8.0 million of capital improvements on various properties. Rental revenue will increase at a lease rate of 8.0% applied to the amount expended.

Assets Held for Sale and Impairments of Long-Lived Assets

As The following is a summary of March 31, 2024 and December 31, 2023, one property our assets held for sale in our Real Estate Investments portfolio was classified as an asset held for sale with a net real estate balance of (*$5.0 million in thousands.*):

	As of June 30, 2024	As of December 31, 2023
Number of facilities	2	1
Real estate, net	$5,669	$5,004

Rental income associated with assets held held for sale as of June 30, 2024 totaled $0.3 million $0.5 million and $0.5 million $0.9 million for the three and six months ended March 31, 2024 June 30, 2024, respectively, and 2023, respectively.

In March 2024, we executed a purchase $0.4 million and sale agreement with a tenant to acquire its leased SLC for a purchase price of $38.5 million subject to the tenant's ability to secure financing $1.0 million for the purchase. The purchase three and sale agreement expires in December 2024. Until the tenant provides notification that it has obtained financing, the property continues to be classified as held and used and leased pursuant to the existing triple-net lease that generates approximately $2.9 million in annual rent and expires in July 2027. The property had a net investment of $19.6 million as of March 31, 2024. six months ended June 30, 2023, respectively.

During the three and six months ended March 31, 2023 June 30, 2024, we recorded impairment charges of approximately $0.3 million $0.7 million on one property reclassified to assets held for sale in the second quarter of 2024 in our Real Estate Investments segment. During the three and six months ended June 30, 2023, we recorded impairment charges of approximately $0.1 million on two properties and approximately $0.5 million on three properties, respectively, in our Real Estate Investments segment. The impairment charges were determined in connection with the preparation of the financial statements for the applicable quarterly period and are included in "*Loan and realty losses (gains)*" in the Condensed Consolidated Statement Statements of Income for the three and six months ended March 31, 2023. June 30, 2024 and 2023.

We reduce the carrying value of impaired properties to their estimated fair value or, with respect to the properties classified as assets held for sale, to estimated fair value less costs to sell. To estimate the fair values of the properties, we utilized a market approach which considered binding agreements for sales (Level 1 inputs), non-binding offers to purchase from unrelated third parties and/or broker quotes of estimated values (Level 3 inputs), and/or independent third-party valuations (Level 1 and 3 inputs).

In March 2024, we executed a purchase and sale agreement with a tenant to acquire its leased SLC for a purchase price of $38.5 million, subject to the tenant's ability to secure financing for the purchase. The purchase and sale agreement expires in December 2024. Until the tenant provides notification that it has obtained financing, the property continues to be classified as held and used and leased pursuant to the existing triple-net lease that generates approximately $2.8 million in annual rent and expires in July 2027. The property had a net investment of $19.4 million as of June 30, 2024.

Cash Basis Operators

We have three tenants on the cash basis of accounting for revenue recognition for their leasing arrangements based on our assessment of each tenant's ability to satisfy its contractual obligations. Cash rents received from these tenants for the three and six months ended March 31, 2024 June 30, 2024 and 2023 were as follows (*$ in thousands*):

	Three Months Ended March 31,	
	2024	2023
Bickford[1]	$ 9,364	$ 7,807
All others	2,401	4,199
Total rental income from cash basis operators	$ 11,765	$ 12,006

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Bickford[1]	$ 9,946	$ 8,119	$ 19,310	$ 15,927
All others[2]	5,142	2,318	7,544	6,516
Total rental income from cash basis operators	$ 15,088	$ 10,437	$ 26,854	$ 22,443

[1]Excludes $2.5 million of rental income related to the reduction of pandemic-related rent deferrals recognized in connection with the acquisition of an ALF from Bickford in the first quarter of 2023.

[2]In the second quarter of 2024, we received a $2.5 million lump sum payment from an operator for partial repayment of pandemic-related rent deferrals.

Tenant Transition

In the first quarter of June 2024, we began negotiations with transitioned a tenant to transition its leased SNF located in Wisconsin to a new operator. We wrote off The new lease contains a purchase option to acquire the property at the end of the initial lease term in 2031 or during the renewal period at a fixed minimum internal rate of return on our investment. In the first quarter of 2024, we wrote off to "*Rental income*" the straight-line rent receivable of approximately $0.8 million associated with the existing lease that is expected to be terminated by the third quarter of 2024.

Second Quarter 2024 Dispositions

In the second quarter of 2024, we completed the sale of two ALFs located in Louisiana, previously leased to one of our tenants on cash basis, for net cash proceeds of $4.6 million, resulting in a gain of approximately $1.3 million. The properties were classified as held and used as of March 31, 2024 based on our assessment at that date of the buyer's ability to obtain financing to complete the purchase. lease.

Tenant Purchase Options

Certain of our leases contain purchase options allowing tenants to acquire the leased properties at a fixed base price plus a specified share in any appreciation, fixed base price, or a fixed base price. minimum internal rate of return on our investment. At March 31, 2024 June 30, 2024, tenants had purchase options on three four properties with an aggregate net investment of $58.0 million $78.5 million that will become exercisable between 2027 and 2028. 2031. Rental income from these properties with tenant purchase options was $2.0 million and $3.8 million for the three and six months ended June 30, 2024, respectively. Rental income from these properties with tenant purchase options was $1.8 million and $3.6 million for both the three and six months ended March 31, 2024 and 2023, June 30, 2023, respectively.

We cannot reasonably estimate at this time the probability that any purchase options will be exercised in the future. Consideration to be received from the exercise of any tenant purchase option is expected to exceed our net investment in the leased property or properties.

Future Minimum Base Rent

Future minimum lease payments to be received by us under our operating leases at March 31, 2024 June 30, 2024, were as follows (*$ in thousands*):

Remainder of 2024

2025
2026
2027
2028
2029
Thereafter

$

Variable Lease Payments

Most of our leases contain annual escalators in rent payments. Some of our leases contain escalators that are determined annually based on a variable index or other factors that are indeterminable at the inception of the lease. The table below indicates the rental income recognized as a result of fixed and variable lease escalators (*$ in thousands*):

	Three Months Ended March 31,	
	2024	2023
Lease payments based on fixed escalators	$ 56,592	$ 58,937
Lease payments based on variable escalators	3,893	1,945
Straight-line rent, net of write-offs	(308)	2,097
Escrow funds received from tenants for property operating expenses	2,733	2,619
Amortization of lease incentives	(723)	(299)
Rental income	$ 62,187	$ 65,299

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Lease payments based on fixed escalators	$ 60,110	$ 53,538	$ 116,702	$ 112,827
Lease payments based on variable escalators	2,358	2,103	6,251	3,696
Straight-line rent, net of write-offs	1,213	2,875	905	4,972
Escrow funds received from tenants for property operating expenses	2,802	3,212	5,535	5,830
Amortization of lease incentives	(723)	(776)	(1,446)	(1,075)
Rental income	$ 65,760	$ 60,952	$ 127,947	$ 126,250

Note 4. Mortgage and Other Notes Receivable

At March 31, 2024 June 30, 2024, our investments in mortgage notes receivable totaled $177.4 million $164.4 million secured by real estate and other assets of the borrowers (*e.g.*, Uniform Commercial Code liens on personal property) related to 17 18 facilities and in other notes receivable totaled $96.9 million $92.4 million, substantially all of which are were guaranteed by significant parties to the notes or by cross-collateralization of properties with the same owner. These balances exclude a credit loss reserve of $15.5 million $15.9 million at March 31, 2024 June 30, 2024.

Our loans designated as non-performing as of March 31, 2024 June 30, 2024 and December 31, 2023 include a mortgage note receivable of $2.0 million and $2.1 million, respectively, due from Bickford and a mortgage note receivable of $10.0 million and a mezzanine loan of $14.5 million due from affiliates of one operator/borrower. This operator/borrower is also one of the tenants on the cash basis of accounting for revenue recognition for its leases. Interest income recognized, representing cash received, from these non-performing loans was $0.5

million $0.5 million and $0.9 million, respectively, for both the three and six months ended March 31, 2024 June 30, 2024. Interest income recognized for the three and 2023. six months ended June 30, 2023 was $0.4 million and $0.9 million, respectively. All other loans were on full accrual basis as of March 31, 2024 June 30, 2024. The credit loss reserve related to non-performing loans totaled $12.4 million and $11.9 million at June 30, 2024 and December 31, 2023, respectively.

Compass Senior Living , LLC

In June 2024, we funded $9.5 million on a mortgage note receivable secured by two facilities with Compass Senior Living, LLC. The five-year loan agreement provides for an annual interest rate of 8.5% with an option for the Company to purchase one or both facilities after July 2026.

Carriage Crossing Senior Living Bloomington

In February 2024, we funded $15.0 million on a mortgage note receivable with Carriage Crossing Senior Living Bloomington ("Carriage Crossing"), with an additional $2.0 million available to be funded contingent upon the performance of facility operations until March 31, 2027. The five year five-year loan agreement has provides for an annual interest rate of 8.75% and two one-year extensions.

Montecito Medical Real Estate

We have a $50.0 million mezzanine loan and security agreement with Montecito Medical Real Estate for a fund that invests in medical real estate, including medical office buildings, throughout the United States. In the second quarter of 2024, approximately $2.1 million of principal was repaid upon the sale by the fund of two of the underlying properties. As of March 31, 2024 June 30, 2024, we have funded $20.3 million of our commitment that $18.0 million was used to acquire nine outstanding on the loan associated with seven medical office buildings for with a combined purchase price of approximately $86.7 million $76.4 million. For the three and six months ended March 31, 2024 and 2023, June 30, 2024, we recognized interest income of $0.5 million $0.5 million and $0.4 million, $1.0 million, respectively. Interest income recognized for the three and six months ended June 30, 2023 was $0.5 million and $0.9 million, respectively.

Bickford Construction and Mortgage Loans

As of March 31, 2024 June 30, 2024, we had one fully funded construction loan of $14.7 million to Bickford. The construction loan is secured by a first mortgage lien on substantially all of the related real and personal property as well as a pledge of any and all leases or agreements which may grant a right of use to the property. Usual and customary covenants extend to the agreement, including the borrower's obligation for payment of insurance and taxes. NHI has a fair market value purchase option on the property upon stabilization of the underlying operations.

At March 31, 2024 June 30, 2024, we held a $12.6 million $12.5 million second mortgage as a component of the purchase price consideration in connection with the sale of six properties to Bickford in 2021. This second mortgage note receivable bears interest at a 10% annual rate and matures in April 2026. Interest income was $0.3 million and $0.6 million for both the three and six months ended March 31, 2024 June 30, 2024 and 2023, respectively, related to the second mortgage. We did not include this note receivable in the determination of the gain recognized upon sale of the portfolio. Therefore, this note receivable is not reflected in "*Mortgage and other notes receivable, net*" in the Condensed Consolidated Balance Sheets as of March 31, 2024 June 30, 2024 and December 31, 2023. During both the three and six months ended March 31, 2024 June 30, 2024 and 2023, Bickford repaid $0.1 million and $0.2 million, respectively, of principal on this note receivable which is reflected in "*Gains on sale of real estate, net*" in the Condensed Consolidated Statements of Income.

Senior Living

We have provided a $20.0 million revolving line of credit to Senior Living whose borrowings under the revolver are to be used for working capital needs and to finance construction projects within its portfolio, including building additional units. Beginning January 1, 2025, availability under the revolver will reduce to $15.0 million. The revolver matures in December 2029 2031 at the time of the Senior Living lease maturity. At March 31, 2024 June 30, 2024, the $15.5 million $12.8 million outstanding under the revolver bore interest at 8.0% per annum.

The Company also has a mortgage loan of $32.7 million with Senior Living that originated in July 2019 for the acquisition of a 248-unit continuing care retirement community ("CCRC") in Columbia, South Carolina. The mortgage loan is for matures July of 2025 with a term of five years with two one-year extensions extension and carries bears interest at an interest annual rate of 7.25%. Additionally, the loan conveys to NHI a purchase option at a stated minimum price of $38.3 million, subject to adjustment for market conditions.

Credit Loss Reserve

Our principal measures of credit quality, except for construction mortgages, are debt service coverage for amortizing loans and interest or fixed charge coverage for non-amortizing loans, collectively referred to as "Coverage." A Coverage ratio provides a measure of the borrower's ability to make scheduled principal and interest payments. The Coverage ratios presented in the table below have been calculated utilizing the most recent date for which data is available, December 31, 2023 March 31, 2024, using EBITDARM (earnings before interest, taxes, depreciation, amortization, rent and management fees) and the requisite debt service, interest service or fixed charges, as defined in the applicable loan agreement. We categorize Coverage into three levels: (i) more than 1.5x, (ii) between 1.0x and 1.5x, and (iii) less than 1.0x. We update the calculation of Coverage on a quarterly basis. Coverage is not a meaningful credit quality indicator for construction mortgages as either these developments are not generating any operating income, or they have insufficient operating income as occupancy levels necessary to stabilize the properties have not yet been achieved. We measure credit quality for these mortgages by considering the construction and stabilization timeline and the financial condition of the borrower, as well as economic and market conditions.

We consider the guidance in ASC 310-20, Receivables - Nonrefundable Fees and Other Costs, when determining whether a modification, extension or renewal constitutes a current period origination. The credit quality indicator as of March 31, 2024 June 30, 2024 is presented below for the amortized cost, net by year of origination (*$ in thousands*):

	2024	2023	2022	2021	2020	Prior	Total

	2024	2023	2022	2021	2020	Prior	Total
Mortgages							
more than 1.5x	$ —	$ —	$ 70,278	$ —	$ 22,367	$ 35,232	$ 127,877
between 1.0x and 1.5x	14,855	930	—	—	—	6,423	22,208
less than 1.0x	—	620	—	—	—	14,700	15,320
	14,855	1,550	70,278	—	22,367	56,355	165,405
Mezzanine							
more than 1.5x	—	506	—	14,520	—	—	15,026
between 1.0x and 1.5x	—	—	—	23,924	—	—	23,924
less than 1.0x	—	221	—	—	—	25,000	25,221
	—	727	—	38,444	—	25,000	64,171
Non-performing							
between 1.0x and 1.5x	—	—	—	—	—	24,500	24,500
less than 1.0x	—	—	—	—	2,047	—	2,047
	—	—	—	—	2,047	—	26,547
Revolver							
more than 1.5x							15,500
between 1.0x and 1.5x							2,726
							18,226
						Credit loss reserve	(15,475)
							$ 258,874

	2024	2023	2022	2021	2020	Prior	Total
Mortgages							
more than 1.5x	$ 9,407	$ —	$ 70,351	$ —	$ —	$ 35,100	$ 114,858
between 1.0x and 1.5x	14,862	930	—	—	—	6,423	22,215
less than 1.0x	—	620	—	—	—	14,700	15,320
	24,269	1,550	70,351	—	—	56,223	152,393
Mezzanine							
more than 1.5x	—	512	—	14,049	—	—	14,561
between 1.0x and 1.5x	—	223	—	21,621	—	—	21,844
less than 1.0x	—	—	—	—	—	25,000	25,000
	—	735	—	35,670	—	25,000	61,405
Non-performing							
between 1.0x and 1.5x	—	—	—	—	—	24,500	24,500
less than 1.0x	—	—	—	—	1,997	—	1,997
	—	—	—	—	1,997	24,500	26,497
Revolver							
more than 1.5x							16,476
							16,476
						Credit loss reserve	(15,921)
							$ 240,850

Due to the continuing challenges in financial markets and the potential impact on the collectability of our mortgages and other notes receivable, we forecasted a 20% increase in the probability of a default and a 20% increase in the amount of loss from a default on all loans, other than those designated as non-performing, resulting in an effective adjustment of 44%. The methodology for estimating the reserves for non-performing loans incorporates the sufficiency of the underlying collateral and the current conditions and forecasts of future economic conditions of these loans, including qualitative factors, which may differ from conditions existing in the historical period. periods.

The allowance for expected credit losses is presented in the following table for the three six months ended March 31, 2024 June 30, 2024 (*$ in thousands*):

Beginning balance Balance at January 1, 2024	$	15,476
Provision for expected credit losses		(1) 445
Balance at March 31, 2024 June 30, 2024	$	15,475 15,921

Note 5. Senior Housing Operating Portfolio Structure

Our SHOP segment is comprised of two ventures that own the operations of 15 ILFs. These ventures are structured to comply with REIT requirements and utilize the TRS for activities that would otherwise be non-qualifying for REIT purposes. The properties in each venture are operated by a property manager in exchange for a management fee. The ventures were capitalized with preferred and common equity interests, with the Company owning 100% of the preferred equity and a controlling common equity interest in each venture. The managers, or related parties of the managers, own a non-controlling common equity interest in their respective ventures. Each venture is discussed in more detail below.

Merrill Managed Portfolio

We have six ILFs located in California and Washington in a consolidated venture with Merrill, which owns a 20% common equity interest in the venture. The operating agreement for the venture provides for contingent distributions to the members based on the attainment of certain yields on investment calculated on an annual basis.

The properties are managed by Merrill pursuant to a management agreement with an initial term through March 2032 that automatically renews on a year-to-year basis thereafter unless terminated by either party with notice. The management agreement entitles Merrill to a base management fee of 5% of net revenue and a real estate services fee of 5% of real estate costs incurred during any calendar year that exceed $1,000 times the number of units at each facility. The noncontrolling interest associated with

the venture was determined to be contingently redeemable and is classified in mezzanine equity as of March 31, 2024 June 30, 2024 and December 31, 2023, as discussed further in Note 10.

Discovery Managed Portfolio

We have nine ILFs located in Arkansas, Georgia, Ohio, Oklahoma, New Jersey, and South Carolina in a consolidated venture with the Discovery member, which owns a 2% common equity interest in the venture. T In the second quarter of 2024, the members contributed an additional $3.5 million to fund additional capital expenditures, of which the Discovery member contributed approximately $0.1 million in cash in accordance with its common equity interest percentage in the venture. Thhe e operating agreement for the venture provides for contingent distributions to the members based on the attainment of certain yields on investment calculated on an annual basis. The noncontrolling interest associated with the venture is included in "*Equity*" on the Condensed Consolidated Balance Sheets as of March 31, 2024 June 30, 2024 and December 31, 2023.

The properties are managed by separate related parties of Discovery pursuant to management agreements, each with an initial term through March 2032 that automatically renews on a year-to-year basis thereafter unless terminated by either party with notice. The management agreements entitle the managers to a base management fee of 5% of net revenue.

Note 6. Equity Method Investment

Concurrently with the acquisition of a CCRC from LCS-Westminster Partnership III, LLP in January 2020, we invested $0.9 million in the operating company, Timber Ridge OpCo, LLC ("Timber Ridge OpCo"), representing a 25.0% equity interest. This investment is held by our TRS to be compliant with the provisions of the REIT Investment Diversification and Empowerment Act of 2007. As part of our investment, we provided Timber Ridge OpCo a revolving credit facility of up to $5.0 million of which no funds have been drawn.

We account for our investment in Timber Ridge OpCo under the equity method and decrease the carrying value of our investment for losses in the entity and distributions to NHI for cumulative amounts up to and including our basis plus any guaranteed or implied commitments to fund operations. In February 2023, we received $2.5 million from Timber Ridge OpCo representing the Company's proportionate share of the lease incentive earned, as discussed in Note 7, based on its equity interest in the entity. Our guaranteed and implied commitments are currently limited to the additional $5.0 million under the revolving credit facility and the $2.5 million lease incentive distribution received. As of March 31, 2024 June 30, 2024, we have recognized our share of Timber Ridge OpCo's operating losses in excess of our initial investment. These cumulative losses of $5.0 million in excess of our original basis and the $2.5 million lease incentive distribution received are included in "*Accounts payable and accrued expenses*" in our Condensed Consolidated Balance Sheet as of March 31, 2024 June 30, 2024. Excess unrecognized equity method losses for this investment for both the three and six months ended March 31, 2024 June 30, 2024 were $0.6 million and 2023 were $0.6 million. $1.2 million, respectively, and $0.7 million and $1.3 million for the three and six months ended June 30, 2023, respectively. Cumulative unrecognized losses for this investment were $9.9 million $10.7 million through March 31, 2024 June 30, 2024. We recognized gains of approximately $0.2 million and $0.4 million, representing cash distributions received related to our investment in Timber Ridge OpCo for the three and six months ended March 31, 2024. June 30, 2024, respectively.

The Timber Ridge property is subject to early resident mortgages secured by a Deed of Trust and Indenture of Trust (the "Deed and Indenture"). As part of our acquisition, NHI-LCS JV I, LLC ("Timber Ridge PropCo") acquired the Timber Ridge CCRC property and a subordination agreement was entered into pursuant to which the trustee acknowledged and confirmed that the security interests created under the Deed and Indenture were subordinate to any security interests granted in connection with the loan made by NHI to

Timber Ridge PropCo. In addition, under the terms of the resident loan assumption agreements, during the term of the lease (seven years with two five-year renewal options), Timber Ridge OpCo is to indemnify Timber Ridge PropCo for any repayment by Timber Ridge PropCo of these early resident mortgage liabilities under the guarantee. As a result of the subordination agreement and the resident loan assumption agreements, no liability has been recorded as of March 31, 2024 June 30, 2024. The balance secured by the Deed and Indenture was $11.8 million at March 31, 2024 June 30, 2024.

Note 7. Other Assets

Other assets, net consist of the following (*$ in thousands*):

	March 31, 2024	December 31, 2023
SHOP accounts receivable, net of allowance of $375 and $343, and other assets	$ 2,563	$ 1,620
Real estate investments accounts receivable and prepaid expenses	5,364	3,296
Lease incentive payments, net	9,946	10,669
Regulatory escrows	6,208	6,208
Restricted cash	1,972	2,270
	$ 26,053	$ 24,063

	June 30, 2024	December 31, 2023
SHOP accounts receivable, net of allowance of $382 and $343, and other assets	$ 2,725	$ 1,620
Real estate investments accounts receivable and prepaid expenses	3,688	3,296
Lease incentive payments, net	9,224	10,669
Regulatory escrows	6,208	6,208
Restricted cash	2,137	2,270
	$ 23,982	$ 24,063

In February 2023, Timber Ridge PropCo, the consolidated senior housing partnership with LCS that owns the Timber Ridge CCRC, paid a $10.0 million lease incentive earned by Timber Ridge OpCo. The lease incentive is being amortized on a straight-line basis through the remaining initial lease term ending January 2027.

Note 8. Debt

Debt consisted of the following (*$ in thousands*):

		March 31, 2024	December 31, 2023
		June 30, 2024	December 31, 2023
Revolving credit facility - unsecured			
Bank term loans - unsecured			
2031 Senior Notes - unsecured, net of discount of $2,198 and $2,278			
2031 Senior Notes - unsecured, net of discount of $2,117 and $2,278			
Private placement notes - unsecured			
Fannie Mae term loans - secured, non-recourse			
Unamortized loan costs			
	$		

Aggregate principal maturities of debt as of March 31, 2024 June 30, 2024 were as follows (*$ in thousands*):

Remainder of 2024	
2025	
2026	
2027	
2028	
2029	
Thereafter	
	1,149,636

	1,145,531
Less: discount	
Less: unamortized loan costs	
	$

Unsecured revolving credit facility and bank term loan

Our unsecured bank credit facility consists of a $700.0 million unsecured revolving credit facility (the “2022 Credit Agreement” Facility”) that matures in March 2026, but may be extended at our option, subject to the satisfaction of certain conditions, for two additional six-month periods. Borrowings under the 2022 Credit Agreement Facility bear interest, at our election, at one of the following (i) Term Secured Overnight Financing Rate (“SOFR”) (plus a credit spread adjustment) plus a margin ranging from 0.725% to 1.40%, (ii) Daily SOFR (plus a credit spread adjustment) plus a margin ranging from 0.725% to 1.40% or (iii) the base rate plus a margin ranging from 0.00% to 0.40%. In each election, the actual margin is determined according to our credit ratings. The base rate means, for any day, a fluctuating rate per annum equal to the highest of (i) (x) the agent's prime rate, (ii) (y) the federal funds rate on such day plus 0.50% or (iii) (z) the adjusted Term SOFR for a one-month tenor in effect on such day plus 1.0%. In addition, the 2022 Credit Agreement Facility requires a facility fee equal to 0.125% to 0.30%, based on our credit rating.

At June 30, 2024, we had $455.5 million available to draw on the 2022 Credit Facility, subject to usual and customary covenants. Among other stipulations, the unsecured credit facility agreement requires that we maintain certain financial ratios within limits set by our creditors. At June 30, 2024, we were in compliance with these ratios.

We have a $200.0 million term loan agreement (the “2025 Term Loan”) that matures June 2025 and bears interest at a variable rate which is SOFR-based with a margin determined according to our credit ratings plus a 0.10% credit spread adjustment.

At March 31, 2024, we had $451.5 million available to draw on the revolving portion of our credit facility, subject to usual and customary covenants. Among other stipulations, the unsecured credit facility agreement requires that we maintain certain financial ratios within limits set by our creditors. At March 31, 2024, we were in compliance with these ratios.

Pinnacle Bank is a participating member of our banking group. A member of NHI's Board of Directors and chairperson of the Audit Committee of the Board of Directors is also the chairman of Pinnacle Financial Partners, Inc., the holding company for Pinnacle Bank. NHI's local banking transactions are conducted primarily through Pinnacle Bank.

2031 Senior Notes

In January 2021, we issued $400.0 million in aggregate principal amount of 3.00% senior notes that mature on February 1, 2031 and pay interest semi-annually (the “2031 Senior Notes”). The 2031 Senior Notes were sold at an issue price of 99.196% of face value before the underwriters' discount. Our net proceeds from the 2031 Senior Notes offering, after deducting underwriting discounts and expenses, were approximately $392.3 million. The 2031 Senior Notes are subject to affirmative and negative covenants, including financial covenants with which we were in compliance at March 31, 2024 June 30, 2024.

Private Placement Notes

Our unsecured private placement notes as of March 31, 2024 June 30, 2024, payable interest-only, are summarized below (*$ in thousands*):

Amount		Inception	Maturity	Fixed Rate
$	75,000	September 2016	September 2024	3.93%
	50,000	November 2015	November 2025	4.33%
	100,000	January 2015	January 2027	4.51%
$	225,000			

Covenants pertaining to the unsecured private placement notes are generally conformed with those governing our credit facility, except for specific debt-coverage ratios that are more restrictive. Our unsecured private placement notes include a rate increase provision that is effective if any rating agency lowers our credit rating on our senior unsecured debt below investment grade and our compliance leverage increases to 50% or more.

Fannie Mae Term Loans

As of March 31, 2024 June 30, 2024, we had $60.1 million in Fannie Mae term-debt financing that originated in March 2015, requiring interest-only payments at an annual rate of 3.79% with a 10-year maturity. The mortgages are non-recourse and secured by 11 properties leased to Bickford. In a December 2017 acquisition, we assumed additional Fannie Mae debt that amortizes through 2025 when a balloon payment will be due, is subject to prepayment penalties until September 2024, bears interest at a rate of 4.60%, and has a remaining balance of $16.0 million $15.9 million at March 31, 2024 June 30, 2024. Collectively, the Fannie Mae debt is secured by properties having a net book value of $100.0 million $99.1 million at March 31, 2024 June 30, 2024.

Interest Expense

The following table summarizes interest expense ($ *in thousands*):

	Three Months Ended		Three Months Ended		Six Months Ended
	Three Months Ended				
	Three Months Ended				
	March 31,				
	March 31,				
	March 31,				
	2024				
	2024				
			June 30,		
	2024	2024	2023	2024	2023
Interest expense on debt at contractual rates					
Interest expense on debt at contractual rates					
Interest expense on debt at contractual rates					
Capitalized interest					
Capitalized interest					
Capitalized interest					
Amortization of debt issuance costs, debt discount and other					
Amortization of debt issuance costs, debt discount and other					
Amortization of debt issuance costs, debt discount and other					
Total interest expense					
Total interest expense					
Total interest expense					

Note 9. Commitments, Contingencies and Uncertainties

In the normal course of business, we enter into a variety of commitments, typically consisting of funding revolving credit arrangements, construction and mezzanine loans to our operators to conduct expansions and acquisitions for their own account, and commitments for the funding of construction for expansion or renovation to our existing properties under lease. In our leasing operations, we offer to our tenants and to sellers of newly acquired properties a variety of inducements that originate contractually as contingencies but which may become commitments upon the satisfaction of the contingent event. Contingent payments earned will be included in the respective lease bases when funded.

As of March 31, 2024 June 30, 2024, we had working capital, mortgage, construction and mezzanine loan commitments to six operators or borrowers for an aggregate of $132.7 million $110.5 million, of which we had funded $88.5 million $64.9 million toward these commitments. Loan funded amounts do not reflect the effects of discounts or commitment fees.

As of March 31, 2024 June 30, 2024, we had $15.5 million $33.5 million of development commitments for construction and renovation for four of six properties of which we had funded $12.6 million $14.0 million toward these commitments. One of our consolidated real estate partnerships, NHI-REIT of DSL PropCo, LLC, has committed to fund up to $2.0 million toward the purchase of condominium units located at one of the facilities of which $1.0 million had been funded as of March 31, 2024 June 30, 2024.

As of March 31, 2024 June 30, 2024, we had an aggregate of $8.9 million $6.9 million in remaining contingent lease inducement commitments in four three lease agreements which are generally based on the performance of facility operations and may or may not be met by the tenant.

In the second quarter of 2024, we committed to fund up to $8.0 million and $10.0 million to Bickford and Senior Living, respectively, for capital improvements on various properties in their leased portfolios. Rental revenue will increase at a lease rate of no less than 8.0% applied to the amount expended. See Note 3 for more detail.

The credit loss liability for unfunded loan commitments is estimated using the same methodology as used for our funded mortgage and other notes receivable based on the estimated amount that we expect to fund. We applied the same market adjustments as discussed in Note 4.

The liability for expected credit losses on our unfunded loan commitments reflected in "*Accounts payable and accrued expenses*" on the Condensed Consolidated Balance Sheets as of March 31, 2024 June 30, 2024 and December 31, 2023 is presented in the following table for the three six months ended March 31, 2024 June 30, 2024 (*$ in thousands*):

Beginning balance Balance at January 1, 2024	$	279
Provision for expected credit losses		10 17
Balance at March 31, 2024 June 30, 2024	$	289 296

Litigation

Our facilities are subject to claims and suits in the ordinary course of business. Such claims may include, among other things, professional liability and general liability claims, as well as regulatory proceedings related to our SHOP segment. Our managers, tenants and borrowers have indemnified, and are obligated to continue to indemnify, us against all liabilities arising from the operation of the facilities, and are further obligated to indemnify us against environmental or title problems affecting the real estate underlying such facilities. While there may be lawsuits pending against us and certain of the owners and/or lessees of the facilities, management believes that the ultimate resolution of all such pending proceedings will have no direct material adverse effect on our financial condition, results of operations or cash flows.

Note 10. Redeemable Noncontrolling Interest

The interest held by Merrill in its SHOP venture was classified as a "*Redeemable noncontrolling interest*" in the mezzanine section between "*Total liabilities"* and "*Stockholders' equity*" on our Condensed Consolidated Balance Sheets as of March 31, 2024 June 30, 2024 and December 31, 2023. Certain provisions within the operating agreement of the Merrill venture provide Merrill with put rights upon certain contingent events that are not solely within the control of the Company. Therefore, Merrill's noncontrolling interest was determined to be contingently redeemable. The redeemable noncontrolling interest is not currently redeemable and we concluded a contingent redemption event is not probable to occur as of March 31, 2024 June 30, 2024. Consequently, the noncontrolling interest will not be subsequently remeasured to its redemption amount until such contingent event and the related redemption are

probable to occur. We will continue to reflect the attribution of gains or losses to the redeemable noncontrolling interest in each period.

The following table presents the change in "*Redeemable noncontrolling interest"* for the three six months ended March 31, 2024 June 30, 2024 (*$ in thousands*):

		Three Six Months Ended March 31, June 30, 2024
Balance at January 1,	$	9,656
Net loss		(225) (478)
Distributions		(6) (9)
Balance at March 31, June 30,	$	9,425 9,169

Note 11. Equity and Dividends

Share Repurchase Plan

On February 16, 2024, our Board of Directors renewed our stock repurchase program (the "Repurchase Plan") pursuant to which we may purchase up to $160.0 million in shares of our issued and outstanding common stock, par value $0.01 per share. The Repurchase Plan is effective for a period of one year and does not require us to repurchase any specific number of shares. The Repurchase Plan may be suspended or discontinued at any time. Shares may be repurchased from time-to-time in open market transactions at prevailing market prices, in privately negotiated transactions or by other means in accordance with the terms of Rule 10b-18 of the Securities Exchange Act of 1934, as amended, and repurchases shall be made in accordance with all applicable laws and regulations in effect. The timing and number of shares repurchased, if any, will depend on a variety of factors, including price, general market and economic conditions, alternative investment opportunities and other corporate considerations. No common stock was repurchased under the Repurchase Plan during the three six months ended March 31, 2024 and 2023. June 30, 2024.

At-the-Market (ATM) Equity Program

We maintain an ATM equity program which allows us to sell our common stock directly into the market and have entered into an ATM equity offering sales agreement pursuant to which the Company may sell, from time to time, up to an aggregate sales price of $500.0 million of the Company's common shares. stock. The ATM equity program has a forward sale provision which allows us to sell shares of common stock to forward purchasers at a predetermined price at a future date. No shares were issued sold under the ATM equity program during the three six months ended March 31, 2024 and 2023. June 30, 2024.

Dividends

The following table summarizes dividends declared by the Board of Directors or paid during the three six months ended March 31, 2024 June 30, 2024 and 2023:

Three Six Months Ended March 31, 2024 June 30, 2024			
Date of Declaration	Date of Record	Date Paid/Payable	Quarterly Dividend
November 3, 2023	December 29, 2023	January 26, 2024	$0.90
February 16, 2024	March 28, 2024	May 3, 2024	$0.90
May 3, 2024	June 28, 2024	August 2, 2024	$0.90

Three Six Months Ended March 31, 2023 June 30, 2023			
Date of Declaration	Date of Record	Date Paid/Payable	Quarterly Dividend
November 6, 2022	December 30, 2022	January 27, 2023	$0.90
February 17, 2023	March 31, 2023	May 5, 2023	$0.90
May 5, 2023	June 30, 2023	August 4, 2023	$0.90

On May 3, 2024 August 2, 2024, the Board of Directors declared a $0.90 per share dividend payable on August 2, 2024 November 1, 2024 to common stockholders of record as of June 28, 2024 September 27, 2024.

Note 12. Share-Based Compensation

The Company's outstanding stock incentive awards have been granted under two incentive plans – the 2012 Stock Incentive Plan and the 2019 Stock Incentive Plan, as amended and restated (the "2019 Plan"). During the three six months ended March 31, 2024 June 30, 2024, we granted options to purchase 431,000 shares of common stock under the 2019 Plan.

In February 2024, 15,000 shares of restricted stock were issued to executive officers with a grant date fair value of $57.76 per share based on the market value of our common stock on the date of grant. The restricted stock will vest vests over five years, with 20% vesting on each anniversary of the date of grant. The restricted stock awards contain non-forfeitable rights to dividends or dividend equivalents during the vesting periods. During the second quarter of 2024, 3,970 net shares of restricted stock vested. As of June 30, 2024, there were 31,800 non-vested shares of restricted stock outstanding.

The weighted average fair value of options granted during the three six months ended March 31, 2024 June 30, 2024 and 2023 was $7.36 and $10.56 per option, respectively. The fair value of each grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2024	2023
Dividend yield	6.4%	7.0%
Expected volatility	26.1%	39.7%
Expected lives	2.9 years	2.9 years
Risk-free interest rate	4.49%	4.65%

The following table summarizes our outstanding stock options:

		Weighted Average
		Weighted Average
		Weighted Average
	Number	
	Number	
	Number	
	of Shares	
	of Shares	
	of Shares	
Options outstanding, January 1, 2023		
Options outstanding, January 1, 2023		

Options outstanding, January 1, 2023
Options granted
Options granted
Options granted
Options exercised
Options exercised
Options exercised
Options forfeited
Options forfeited
Options forfeited
Options expired
Options expired
Options expired
Options outstanding, March 31, 2023
Options outstanding, March 31, 2023
Options outstanding, March 31, 2023
Options outstanding, June 30, 2023
Options outstanding, June 30, 2023
Options outstanding, June 30, 2023
Exercisable at March 31, 2023
Exercisable at June 30, 2023
Exercisable at March 31, 2023
Exercisable at June 30, 2023
Exercisable at March 31, 2023
Exercisable at June 30, 2023
Options outstanding, January 1, 2024
Options outstanding, January 1, 2024
Options outstanding, January 1, 2024
Options granted
Options granted
Options granted
Options exercised
Options exercised
Options exercised
Options expired
Options expired
Options expired
Options outstanding, June 30, 2024
Options outstanding, June 30, 2024
Options outstanding, June 30, 2024
Exercisable at June 30, 2024
Options expired
Options outstanding, March 31, 2024
Options outstanding, March 31, 2024
Options outstanding, March 31, 2024
Exercisable at June 30, 2024
Exercisable at March 31, 2024
Exercisable at March 31, 2024
Exercisable at March 31, 2024
Exercisable at June 30, 2024

At March 31, 2024 June 30, 2024, the intrinsic value of stock options outstanding and exercisable was $11.1 million $16.5 million and $9.1 million $12.8 million, respectively.

The following is a summary of share-based compensation expense, net of any forfeitures, included in "*General and administrative expenses*" in the Condensed Consolidated Statements of Income (*$ in thousands*):

	Three Months Ended March 31,	
	2024	2023
Share-based compensation components:		
Restricted stock expense	$ 158	$ —
Stock option expense	1,997	2,105
Total share-based compensation expense	$ 2,155	$ 2,105

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Share-based compensation components:				
Restricted stock expense	$ 186	$ 72	$ 344	$ 72
Stock option expense	501	697	2,498	2,802
Total share-based compensation expense	$ 687	$ 769	$ 2,842	$ 2,874

As of March 31, 2024 June 30, 2024, unrecognized compensation expense totaling $3.7 million $2.9 million associated with stock-based awards was expected to be recognized over the following periods: remainder of 2024 - $2.0 million $1.3 million, 2025 - $1.1 million, 2026 - $0.3 million, 2027 - $0.1 million, and thereafter - $0.1 million.

Note 13. Earnings Per Common Share

The following table summarizes the average number of common shares and the net income used in the calculation of basic and diluted earnings per common share *($ in thousands, except share and per share amounts)*:

	Three Months Ended		Three Months Ended		Six Months Ended
	Three Months Ended				
	Three Months Ended				
	March 31,				
	March 31,				
	March 31,				
	2024				
	2024				
			June 30,		
	2024	2024	2023	2024	2023
Net income					
Net income					
Net income					
Add: net loss attributable to noncontrolling interests					
Add: net loss attributable to noncontrolling interests					
Add: net loss attributable to noncontrolling interests					
Net income attributable to stockholders					
Net income attributable to stockholders					
Net income attributable to stockholders					
Less: net income attributable to unvested restricted stock awards					
Less: net income attributable to unvested restricted stock awards					

Less: net income attributable to unvested restricted stock awards
Net income attributable to common stockholders - basic
Net income attributable to common stockholders - basic
Net income attributable to common stockholders - basic
BASIC:
BASIC:
BASIC:
Weighted average common shares outstanding
Weighted average common shares outstanding
Weighted average common shares outstanding
DILUTED:
DILUTED:
DILUTED:
Weighted average common shares outstanding
Weighted average common shares outstanding
Weighted average common shares outstanding
Stock options
Stock options
Stock options
Weighted average dilutive common shares outstanding
Weighted average dilutive common shares outstanding
Weighted average dilutive common shares outstanding
Earnings per common share - basic
Earnings per common share - basic
Earnings per common share - basic
Earnings per common share - diluted
Earnings per common share - diluted
Earnings per common share - diluted
Incremental anti-dilutive shares excluded:
Incremental anti-dilutive shares excluded:
Incremental anti-dilutive shares excluded:
Net share effect of stock options with an exercise price in excess of the average market price for our common shares
Net share effect of stock options with an exercise price in excess of the average market price for our common shares
Net share effect of stock options with an exercise price in excess of the average market price for our common shares
Regular dividends declared per common share
Regular dividends declared per common share
Regular dividends declared per common share

Note 14. Fair Value of Financial Instruments

Carrying amounts and fair values of financial instruments that are not carried at fair value at March 31, 2024 June 30, 2024 and December 31, 2023 in the Condensed Consolidated Balance Sheets are as follows ($ *in thousands*):

	Carrying Amount		Fair Value Measurement	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Level 2				
Variable rate debt	$ 443,758	$ 439,693	$ 448,500	$ 445,000
Fixed rate debt	$ 695,508	$ 695,358	$ 614,295	$ 616,852

Level 3				
Mortgage and other notes receivable, net	$ 258,874	$ 245,271	$ 249,999	$ 237,646

	Carrying Amount		Fair Value Measurement	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Level 2				
Variable rate debt	$ 440,376	$ 439,693	$ 444,500	$ 445,000
Fixed rate debt	$ 695,659	$ 695,358	$ 615,417	$ 616,852
Level 3				
Mortgage and other notes receivable, net	$ 240,850	$ 245,271	$ 231,437	$ 237,646

Fixed rate debt. Fixed rate debt is classified as Level 2 and its fair value is based on quoted prices for similar instruments or calculated utilizing model derived valuations in which significant inputs are observable in active markets.

Variable rate debt. Variable rate debt is classified as Level 2 and the fair values of our borrowings under our revolving credit facility and other variable rate debt are reasonably estimated at their notional amounts due to the predominance of floating interest rates, which generally reflect market conditions.

Mortgage and other notes receivable. The fair value of mortgage and other notes receivable is based on credit risk and discount rates that are not observable in the marketplace and therefore represents a Level 3 measurement.

Carrying amounts of cash and cash equivalents and restricted cash, accounts receivable and accounts payable approximate fair value due to their short-term nature and are classified as Level 1.

Note 15. Segment Reporting

We evaluate our business and make resource allocations on our two operating segments: Real Estate Investments and SHOP. Our Real Estate Investments segment includes leases, mortgages and other note investments in ILFs, ALFs, EFCs, SLCs, SNFs and a HOSP. Under the Real Estate Investments segment, we invest in senior housing and healthcare real estate through acquisition and financing of primarily single-tenant properties. Properties acquired are leased primarily leased under triple-net leases, and we are not involved in the management of the properties. The SHOP segment includes multi-tenant ILFs. The SHOP properties and related operations are controlled by the Company and are operated by property managers in exchange for a management fee. See Note 5 for further discussion.

Our chief operating decision maker CODM evaluates performance based upon segment net operating income ("NOI"). We define NOI as total revenues, less tenant reimbursements and property operating expenses. We use NOI to make decisions about resource allocations and to assess the property level performance of our properties. There were no intersegment transactions for either the three or six months ended March 31, 2024 or June 30, 2024 and 2023. Capital expenditures for the three six months ended March 31, 2024 June 30, 2024 were approximately $1.7 million $35.0 million for the Real Estate Investments segment and $1.3 million $3.7 million for the SHOP segment. Capital expenditures for the three six months ended March 31, 2023 June 30, 2023 were approximately $55.8 million $56.2 million for the Real Estate Investments segment and $1.1 million $3.0 million for the SHOP segment.

Non-segment revenue consists mainly of other income. Non-segment assets consist of corporate assets including cash, deferred loan expenses and corporate offices and equipment, among others. Non-property specific revenues and expenses are not allocated to individual segments in determining NOI.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies discussed in Note 2.

Summary information for the reportable segments during the three and six months ended March 31, 2024 June 30, 2024 and 2023 is as follows (*$ in thousands*):

For the three months ended March 31, 2024:	Real Estate Investments	SHOP	Non-segment/Corporate	Total
Rental income	$ 62,187	$ —	$ —	$ 62,187
Resident fees and services	—	13,256	—	13,256
Interest income and other	5,942	—	128	6,070
Total revenues	68,129	13,256	128	81,513
Senior housing operating expenses	—	10,314	—	10,314

	Real Estate Investments	SHOP	Non-segment/Corporate	Total
Taxes and insurance on leased properties	2,733	—	—	2,733
NOI	65,396	2,942	128	68,466
Depreciation	15,058	2,437	10	17,505
Interest	763	—	14,106	14,869
Legal	—	—	236	236
Franchise, excise and other taxes	—	—	(187)	(187)
General and administrative	—	—	5,642	5,642
Loan and realty losses	10	—	—	10
Gains on sales of real estate, net	(100)	—	—	(100)
Gains from equity method investment	(166)	—	—	(166)
Net income (loss)	$ 49,831	$ 505	$ (19,679)	$ 30,657
Total assets	$ 2,202,511	$ 265,120	$ 10,494	$ 2,478,125

For the three months ended March 31, 2023:	Real Estate Investments	SHOP	Non-segment/Corporate	Total
Rental income	$ 65,299	$ —	$ —	$ 65,299
Resident fees and services	—	11,700	—	11,700
Interest income and other	5,308	—	81	5,389
Total revenues	70,607	11,700	81	82,388
Senior housing operating expenses	—	9,799	—	9,799
Taxes and insurance on leased properties	2,619	—	—	2,619
NOI	67,988	1,901	81	69,970
Depreciation	15,376	2,227	14	17,617
Interest	759	—	13,268	14,027
Legal	—	—	122	122
Franchise, excise and other taxes	—	—	183	183
General and administrative	—	—	5,653	5,653
Loan and realty gains	(418)	—	—	(418)
Gains on sales of real estate, net	(1,397)	—	—	(1,397)
Net income (loss)	$ 53,668	$ (326)	$ (19,159)	$ 34,183
Total assets	$ 2,254,939	$ 270,085	$ 8,206	$ 2,533,230

For the three months ended June 30, 2024:	Real Estate Investments	SHOP	Non-segment/Corporate	Total
Rental income	$ 65,760	$ —	$ —	$ 65,760
Resident fees and services	—	13,390	—	13,390
Interest income and other	5,744	—	76	5,820
Total revenues	71,504	13,390	76	84,970
Senior housing operating expenses	—	10,437	—	10,437
Taxes and insurance on leased properties	2,802	—	—	2,802
NOI	68,702	2,953	76	71,731
Depreciation	14,992	2,490	8	17,490
Interest	761	—	14,093	14,854
Legal	—	—	165	165
Franchise, excise and other taxes	—	—	47	47
General and administrative	—	—	4,870	4,870
Loan and realty losses	1,106	—	—	1,106
Gains on sales of real estate, net	(1,517)	—	—	(1,517)

	Real Estate Investments	SHOP	Non-segment/Corporate	Total
Gains from equity method investment	(236)	—	—	(236)
Net income (loss)	$ 53,596	$ 463	$ (19,107)	$ 34,952
Total assets	$ 2,197,656	$ 268,187	$ 11,069	$ 2,476,912

For the three months ended June 30, 2023:	Real Estate Investments	SHOP	Non-segment/Corporate	Total
Rental income	$ 60,952	$ —	$ —	$ 60,952
Resident fees and services	—	11,793	—	11,793
Interest income and other	5,083	—	48	5,131
Total revenues	66,035	11,793	48	77,876
Senior housing operating expenses	—	9,682	—	9,682
Taxes and insurance on leased properties	3,212	—	—	3,212
NOI	62,823	2,111	48	64,982
Depreciation	15,477	2,239	14	17,730
Interest	766	—	13,428	14,194
Legal	—	—	174	174
Franchise, excise and other taxes	—	—	258	258
General and administrative	—	—	4,306	4,306
Loan and realty losses	186	—	—	186
Gains on sales of real estate, net	(11,366)	—	—	(11,366)
Gain on operations transfer, net	(20)	—	—	(20)
Loss on early retirement of debt	—	—	73	73
Net income (loss)	$ 57,780	$ (128)	$ (18,205)	$ 39,447
Total assets	$ 2,217,124	$ 271,359	$ 10,012	$ 2,498,495

For the six months ended June 30, 2024:	Real Estate Investments	SHOP	Non-segment/Corporate	Total
Rental income	$ 127,947	$ —	$ —	$ 127,947
Resident fees and services	—	26,645	—	26,645
Interest income and other	11,685	—	205	11,890
Total revenues	139,632	26,645	205	166,482
Senior housing operating expenses	—	20,751	—	20,751
Taxes and insurance on leased properties	5,535	—	—	5,535
NOI	134,097	5,894	205	140,196
Depreciation	30,050	4,927	18	34,995
Interest	1,524	—	28,199	29,723
Legal	—	—	400	400
Franchise, excise and other taxes	—	—	(139)	(139)
General and administrative	—	—	10,510	10,510
Loan and realty losses	1,116	—	—	1,116
Gains on sales of real estate, net	(1,617)	—	—	(1,617)
Gains from equity method investment	(402)	—	—	(402)
Net income (loss)	$ 103,426	$ 967	$ (38,783)	$ 65,610

For the six months ended June 30, 2023:	Real Estate Investments	SHOP	Non-segment/Corporate	Total

Rental income	$ 126,250	$ —	$ —	$ 126,250
Resident fees and services	—	23,493	—	23,493
Interest income and other	10,391	—	130	10,521
Total revenues	136,641	23,493	130	160,264
Senior housing operating expenses	—	19,481	—	19,481
Taxes and insurance on leased properties	5,830	—	—	5,830
NOI	130,811	4,012	130	134,953
Depreciation	30,854	4,466	27	35,347
Interest	1,525	—	26,696	28,221
Legal	—	—	297	297
Franchise, excise and other taxes	—	—	441	441
General and administrative	—	—	9,959	9,959
Loan and realty losses	(232)	—	—	(232)
Gains on sales of real estate, net	(12,763)	—	—	(12,763)
Loss on operations transfer, net	(20)	—	—	(20)
Loss on early retirement of debt	—	—	73	73
Net income (loss)	$ 111,447	$ (454)	$ (37,363)	$ 73,630

Note 16. Variable Interest Entities

Consolidated Variable Interest Entities

SHOP - The assets of the SHOP ventures primarily consist of real estate properties, cash and cash equivalents, and resident fees and services (accounts receivable). The obligations of the ventures primarily consist of operating expenses of the ILFs (accounts payable and accrued expenses) and capital expenditures for the properties. Aggregate assets of the consolidated SHOP

ventures that can be used only to settle obligations of each respective SHOP venture primarily include approximately $259.6 million $259.5 million and $260.7 million of real estate properties, net, $2.9 million $6.0 million and $7.7 million of cash and cash equivalents, $2.6 million and $2.7

million and $1.7 million of other assets, net, as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively. Liabilities of the consolidated SHOP ventures for which creditors do not have recourse to the general credit of the Company are $2.6 million $4.3 million and $4.7 million as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively. Reference Notes 5 and 10 for further discussion of these ventures.

Real Estate Partnerships - The aggregate assets of the two consolidated real estate partnerships that can be used only to settle obligations of each respective partnership as of March 31, 2024 June 30, 2024 and December 31, 2023 include approximately $250.5 million $248.4 million and $252.5 million of real estate properties, net, $9.7 million $9.8 million and $9.7 million in straight-line rent receivable, $2.5 million $2.3 million and $3.2 million of cash and cash equivalents and $7.2 million $6.6 million and $7.8 million of other assets, net, respectively. Liabilities of these partnerships for which creditors do not have recourse to the general credit of the Company are not material.

Unconsolidated Variable Interest Entities

The Company's unconsolidated VIEs are summarized below by date of initial involvement. For further discussion of the nature of the relationships, including the sources of exposure to these VIEs, see the notes to our condensed consolidated financial statements cross-referenced below (*$ in thousands*).

Date	Date Name	Source of Exposure	Carrying Amount	Maximum Exposure to Loss	Note Reference		Date Name	Source of Exposure	Carrying Amount	Maximum Exposure to Loss	Note Reference	
2014	2014 Senior Living	Notes and straight-line receivable	$ 87,964	$ 92,464	Notes 3, 4	Notes 3, 4	2014 Senior Living	Various1	$ 85,238	$ 102,488	Notes 3, 4	Notes 3, 4
2016	2016 Senior Living Management	Notes	$ 24,500	$ 24,500	—	—	2016 Senior Living Management	Notes	$ 24,500	$ 24,500	—	—

2018	2018	Bickford	Notes	$ 16,861	$	29,415	Notes 3, 4	Notes 3, 4	2018	Bickford	Notes and development commitments	$ 16,823	$	37,263	Notes 3, 4	Notes 3, 4
2019	2019	Encore Senior Living	Various[1]	$ 56,965	$	57,639	—	—	2019	Encore	Various[2]	$ 34,579	$	57,243	—	—
2020	2020	Timber Ridge OpCo	Various[2]	$ 689	$	5,689	Notes 6, 7	Notes 6, 7	2020	Timber Ridge OpCo	Various[3]	$ 16	$	5,016	Notes 6, 7	Notes 6, 7
2020	2020	Watermark Retirement	Notes and straight-line receivable	$ 9,450	$	11,723	—	—	2020	Watermark Retirement	Notes and straight-line rent receivable	$ 10,590	$	11,864	—	—
2021	2021	Montecito Medical Real Estate	Notes and funding commitment	$ 20,498	$	50,243	Note 4	Note 4	2021	Montecito Medical Real Estate	Notes and funding commitment	$ 18,201	$	50,211	Note 4	Note 4
2021	2021	Vizion Health	Notes and straight-line receivable	$ 16,173	$	16,173	—	—	2021	Vizion Health	Notes and straight-line rent receivable	$ 15,833	$	15,833	—	—
2021	2021	Navion Senior Solutions	Various[3]	$ 7,990	$	7,990	—	—	2021	Navion Senior Solutions	Various[4]	$ 7,975	$	11,278	—	—
2023	2023	Kindcare Senior Living	Notes[4]	$ 758	$	758	—	—	2023	Kindcare Senior Living	Notes[5]	$ 766	$	766	—	—

[1] Notes, straight-line rent receivable, and development commitment

[2] Note, straight-line rent receivable, and lease receivables

[2] [3] Loan commitment, equity method investment, straight-line rent receivable and unamortized lease incentive

[3] [4] Development commitments, straight-line rent receivable, and unamortized lease incentive

[4] [5] Represents two mezzanine loans originated from the sales of real estate

We are not obligated to provide support beyond our stated commitments to these tenants and borrowers whom we classify as VIEs, and accordingly, our maximum exposure to loss as a result of these relationships is limited to the amount of our commitments, as shown above and discussed in the notes. Economic loss on a lease, in excess of what is presented in the table above, if any, would be limited to that resulting from any period of non-payment of rent before we are able to take effective remedial action, as well as costs incurred in transitioning the lease to a new tenant. The potential extent of such loss would be dependent upon individual facts and circumstances, and is therefore not included in the table above.

In the future, NHI may be deemed the primary beneficiary of the operations if the tenants or borrowers do not have adequate liquidity to accept the risks and rewards as the tenants and operators of the properties and NHI may be required to consolidate the financial position and results of operations of the tenants or borrowers into our condensed consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Unless the context otherwise requires, references throughout this document to "NHI" or the "Company" include National Health Investors, Inc., and its consolidated subsidiaries. In accordance with the Securities and Exchange Commission's ("SEC") "Plain English" guidelines, portions of this Quarterly Report on Form 10-Q has have been written in the first person. In this document, the words "we", "our", "ours" and "us" refer only to National Health Investors, Inc. and its consolidated subsidiaries and not any other person.

Cautionary Statement Regarding Forward Looking Statements

This Quarterly Report on Form 10-Q and other materials we have filed or may file with the SEC, as well as information included in oral statements made, or to be made, by our senior management contain certain "forward-looking" statements "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 limitation, those containing words such as "may," "will," "should," "believes," "anticipates," "expects," "intends," "estimates," "plans," "projects," "target," "likely" 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 statements as a result of factors including, but not limited to, the following:

* We depend on the operating success of our tenants, managers and borrowers and if their financial condition or business prospects deteriorate, our financial condition and results of operations could be adversely affected;

* We are exposed to the risk that our managers, tenants and borrowers may become subject to bankruptcy or insolvency proceedings;

* Certain tenants in our portfolio account for a significant percentage of the rent we expect to generate from our portfolio, and the failure of any of these tenants to meet their obligations to us could materially and adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders;

* Actual or perceived risks associated with pandemics, epidemics or outbreaks, such as the coronavirus pandemic (“COVID-19”), have had and may in the future have a material adverse effect on our operators’ business and results of operations;

* Two members of our Board of Directors are also members of the board of directors of National HealthCare Corporation (“NHC”), and their interests may differ from those of our stockholders;

* We are exposed to risks related to governmental regulation and payors, principally Medicare and Medicaid, and the effect of changes to laws, regulations and reimbursement rates on our tenants’ and borrowers’ business;

* We are exposed to the risk that the cash flows of our tenants, managers and borrowers may be adversely affected by increased liability claims and liability insurance costs;

* We are exposed to the risk that we may not be fully indemnified by our tenants, managers and borrowers against future litigation;

* We depend on the success of property development and construction activities, which may fail to achieve the operating results we expect;

* 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 risks associated with our investments in unconsolidated entities, including our lack of sole decision-making authority and our reliance on the financial condition of other interests;

* We are subject to risks related to our joint venture investment with Life Care Services for Timber Ridge, an entrance-fee continuing care retirement community (“CCRC”), associated with Type A benefits offered to the residents of the CCRC and the related accounting requirements;

* We are subject to additional risks related to healthcare operations associated with our investments in unconsolidated entities, which could have a material adverse effect on our results of operations;

* Inflation and increased interest rates may adversely affect our financial condition and results of operations;

* Adverse developments affecting the financial services industry, including events or concerns involving liquidity, defaults, or non-performance by financial institutions, could adversely affect our business, financial condition, results of operations, or prospects;

* We are exposed to operational risks with respect to our Senior Housing Operating Portfolio (“SHOP”) structured communities;

* A cybersecurity incident or other form of data breach involving Company information could cause a loss of confidential consumer and other personal information, give rise to remediation and other expenses, expose us to liability under privacy and security and consumer protection laws, and subject us to federal and state governmental inquiries, damage our reputation, and otherwise be disruptive to our business;

* We are exposed to risks related to environmental laws and the costs associated with liabilities related to hazardous substances;

* We are subject to risks of damage from catastrophic weather and other natural or man-made disasters and the physical effects of climate change;

* We depend on the success of our future acquisitions and investments;

* We depend on our ability to reinvest cash in real estate investments in a timely manner and on acceptable terms;

* Competition for acquisitions may result in increased prices for properties;

* We depend on our ability to retain our management team and other personnel and attract suitable replacements should any such personnel leave;

* We are exposed to the risk that our assets may be subject to impairment charges;

* Our ability to raise capital through equity sales is dependent, in part, on the market price of our common stock, and our failure to meet market expectations with respect to our business, or other factors we do not control, could negatively impact such market price and availability of equity capital;

* We may need to refinance existing debt or incur additional debt in the future, which may not be available on terms acceptable to us;

* We have covenants related to our indebtedness which impose certain operational limitations and a breach of those covenants could materially adversely affect our financial condition and results of operations;

* Downgrades in our credit ratings could have a material adverse effect on our cost and availability of capital;

* We rely on external sources of capital to fund future capital needs, and if we encounter difficulty in obtaining such capital, we may not be able to make future investments necessary to grow our business or meet maturing commitments;

* We depend on revenues derived mainly from fixed rate investments in real estate assets, while a portion of our debt used to finance those investments bears interest at variable rates, which subjects us to interest rate risk;

* Changes in our variable interest rates may adversely affect our cash flows;

* We depend on the ability to continue to qualify for taxation as a real estate investment trust ("REIT") for U.S. federal income tax purposes;

* There are no assurances of our ability to pay dividends in the future;

* Complying with REIT requirements may cause us to forego otherwise attractive acquisition opportunities or liquidate otherwise attractive investments, which could materially hinder our performance;

* Our ownership of and relationship with any taxable REIT subsidiary ("TRS") that we have formed or will form will be limited and a failure to comply with the limits would jeopardize our REIT status and may result in the application of a 100% excise tax;

* Legislative, regulatory, or administrative changes could adversely affect us or our security holders;

* We have ownership limits in our charter with respect to our common stock and other classes of capital stock which may delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or might otherwise be in the best interests of our stockholders; 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.

See the notes to the annual audited consolidated financial statements in our most recent Annual Report on Form 10-K for the year ended December 31, 2023, "Business" and "Risk Factors" under Part I, Item 1 and Item 1A, respectively, therein and "Risk Factors" under Part II, Item 1A of this Quarterly Report on Form 10-Q for a further discussion of these risks and of various governmental regulations and other operating factors relating to the healthcare industry and the risk factors inherent therein. You should carefully consider these risks before making any investment decisions in the Company. These risks and uncertainties are not the only ones facing the Company. There may be additional risks that we do not presently know of and/or that we currently deem immaterial. If any of the risks actually occur, our business, financial condition, results of operations, or cash flows could be materially and adversely affected. In that case, the trading price of our common stock could decline, and you may lose part or all of your investment. Given these risks and uncertainties, we can give no assurance that these forward-looking statements will, in fact, occur. We caution readers not to place undue reliance on such forward-looking statements, which speak only as of the dates made. We undertake no obligation to revise or update any of the forward-looking statements to reflect subsequent events or circumstances except to the extent required by applicable law.

Executive Overview

National Health Investors, Inc., established in 1991 as a Maryland corporation, is a self-managed REIT specializing in sale leaseback, joint-venture, and mortgage and mezzanine financing of need-driven and discretionary senior housing and medical facility investments. We operate through two reportable business segments: Real Estate Investments and SHOP. Our Real Estate Investments segment consists of real estate investments and leases, mortgages and mortgage and other notes receivable in independent living facilities ("ILF" ILFs"), assisted living facilities ("ALF" ALFs"), entrance-fee communities ("EFC" EFCs"), senior living campuses ("SLC" SLCs"), skilled nursing facilities ("SNF" SNFs") and a hospital ("HOSP"). We fund our real estate investments primarily through: (1) operating cash flow, (2) debt, including note offerings, bank lines of credit and term debt, both unsecured and secured, and (3) the sale of equity securities. Our SHOP segment is comprised of the operations of 15 ILFs that provide residential living and other services for residents located throughout the United States that are operated on behalf of the Company by independent managers pursuant to the terms of separate management agreements. The third-party managers, or related parties of the managers, own equity interests in the respective ventures.

Real Estate Investments Portfolio

As of March 31, 2024 June 30, 2024, we had investments in real estate and mortgage and other notes receivable involving 180 179 facilities located in 31 states. These real estate investments involve 97 consisted of 106 senior housing properties, 65 72 SNFs and one HOSP, excluding one property two properties classified as an asset assets held for sale. These investments consisted Our Real Estate Investments portfolio as of June 30, 2024 was comprised of properties with an original aggregate cost of approximately $2.4 billion $2.5 billion, rented under primarily triple-net leases to 25 tenants, and $274.3 million $256.8 million aggregate carrying value of mortgages and other notes receivable, excluding an allowance for expected credit losses of $15.5 million $15.9 million, due from 14 16 borrowers.

We classify all of the properties in our Real Estate Investments portfolio as either senior housing or medical properties. Because our leases represent different underlying revenue sources and result in differing risk profiles, we further classify our senior housing communities as either need-driven (assisted living and memory care communities and senior living campuses) or discretionary (independent living and entrance-fee communities).

Senior Housing – Need-Driven includes ALFs and SLCs which primarily attract private payment for services from residents who require assistance with activities of daily living. Need-driven properties are subject to regulatory oversight.

Senior Housing – Discretionary includes ILFs and EFCs which primarily attract private payment for services from residents who are making the lifestyle choice of living in an age-restricted multi-family community that offers social programs, meals, housekeeping, and in some cases access to healthcare services. Discretionary properties are subject to limited regulatory oversight. There is a correlation between demand for this type of community and the strength of the housing market.

Medical Facilities within our portfolio receive payment primarily from Medicare, Medicaid and health insurance. These properties include SNFs and a HOSP that attract patients who have a need for acute or complex medical attention, preventative medicine, or rehabilitation services. Medical properties are subject to state and federal regulatory oversight and, in the case of hospitals, Joint Commission accreditation.

Senior Housing Operating Portfolio Structure

Our SHOP segment is comprised of two ventures that own the underlying independent living operations of 15 ILFs. These ventures, in which NHI owns a majority interest, own the underlying independent living operations and are structured to comply with REIT requirements that utilize the TRS for activities that would otherwise be non-qualifying for REIT purposes. These properties are operated by third-party property managers that manage our communities in exchange for the receipt of a management fee, and as such, we are not directly exposed to the credit risk of the property managers in the same manner or to the same extent as we are to our triple-net lease tenants. However, we rely on the property managers' personnel, expertise, technical resources and information systems, proprietary information, good faith and judgment to manage our communities efficiently and effectively. We also rely on the property managers to set appropriate resident fees and otherwise operate our communities in compliance with the terms of our management agreements and all applicable laws and regulations. As of March 31, 2024 June 30, 2024, our SHOP segment consisted of 15 ILFs located in eight states, with a combined 1,732 units.

The following tables summarize our portfolio, excluding $2.6 million for our corporate office, $5.0 million $5.7 million in assets held for sale and a credit loss reserve of $15.5 million $15.9 million, as of and for the three six months ended March 31, 2024 June 30, 2024 (*$ in thousands*):

Real Estate Investments and SHOP

Real Estate Investments and SHOP

Real Estate Investments and SHOP

	Properties	Beds/Units	NOI[1]	% Total	Gross Investment	Beds/Units	NOI[1]	% Total	Gross Investment
	Properties								
	Properties								
Real Estate Properties									
Senior Housing - Need-Driven									
Senior Housing - Need-Driven									
Senior Housing - Need-Driven									
Assisted Living									
Assisted Living									
Assisted Living									
Senior Living Campus									
Total Senior Housing - Need-Driven									
Senior Housing - Discretionary									
Independent Living									
Independent Living									
Independent Living									
Entrance-Fee Communities									
Total Senior Housing - Discretionary									
Total Senior Housing									
Medical Facilities									
Skilled Nursing Facilities									
Skilled Nursing Facilities									
Skilled Nursing Facilities									

Hospitals

Total Medical Facilities

Total Medical Facilities

Total Medical Facilities

Disposals and Held for Sale

Total Real Estate Properties

Total Real Estate Properties

Total Real Estate Properties

Mortgage and Other Notes Receivable

Mortgage and Other Notes Receivable

Mortgage and Other Notes Receivable

Senior Housing - Need-Driven

Senior Housing - Need-Driven

Senior Housing - Need-Driven

Senior Housing - Discretionary

Skilled Nursing Facilities

Other Notes Receivable

Total Mortgage and Other Notes Receivable

Total Mortgage and Other Notes Receivable

Current Year Note Payoffs

Total Mortgage and Other Notes Receivable

SHOP

SHOP

SHOP

Independent Living

Independent Living

Independent Living

Total

Total

Total

[1]Excludes Non-segment/Corporate NOI

[1]Excludes Non-segment/Corporate NOI

[1]Excludes Non-segment/Corporate NOI

Portfolio Summary	Properties	NOI	% Portfolio	Gross Investment
Real Estate Properties	163	$ 59,454	87.0 %	$ 2,432,108
Mortgage and Other Notes Receivable	17	5,942	8.7 %	274,349
SHOP	15	2,942	4.3 %	348,708
Total Portfolio	195	$ 68,338	100 %	$ 3,055,165
Portfolio by Operator Type				
Public	55	$ 18,039	26.4 %	$ 411,740
National Chain (Privately Owned)	3	2,825	4.1 %	172,385
Regional	117	43,500	63.7 %	2,088,594
Small	5	547	0.8 %	33,738
Disposals and Held for Sale		485	0.7 %	
Total Real Estate Investments Portfolio	180	65,396	95.7 %	2,706,457
SHOP	15	2,942	4.3 %	348,708
Total Portfolio	195	$ 68,338	100 %	$ 3,055,165

Portfolio Summary	Properties	NOI	% Portfolio	Gross Investment
Real Estate Properties	161	$ 122,412	87.5 %	$ 2,458,549
Mortgage and Other Notes Receivable	18	11,685	8.3 %	256,771
SHOP	15	5,894	4.2 %	351,051
Total Portfolio	194	$ 139,991	100 %	$ 3,066,371
Portfolio by Operator Type				
Public	55	$ 34,524	24.7 %	$ 411,740
National Chain (Privately Owned)	3	5,655	4.0 %	172,385
Regional	116	88,954	63.6 %	2,097,448
Small	5	1,086	0.8 %	33,747
Disposals and Held for Sale		3,125	2.2 %	
Current Year Note Payoffs		753	0.5 %	—
Total Real Estate Investments Portfolio	179	134,097	95.8 %	2,715,320
SHOP	15	5,894	4.2 %	351,051
Total Portfolio	194	$ 139,991	100 %	$ 3,066,371

The following table summarizes the geographic concentration of net operating income ("NOI") of our portfolio, excluding Non-segment/Corporate NOI, for the three six months ended March 31, 2024 June 30, 2024 and 2023 (*$ in thousands*).

		Three Months Ended March 31,			Six Months Ended June 30,	
Location	Location	2024	2023	Location	2024	2023
South Carolina						
Texas						
Florida						
Tennessee						
Washington						
Illinois						
All others						
NOI						

For the three six months ended March 31, 2024 June 30, 2024, operators of facilities in our Real Estate Investments portfolio who that provided 3% or more individually, and 63% collectively, 59% of our total revenues were (parent company, in alphabetical order): Bickford Senior Living ("Bickford"); Chancellor Health Care; Discovery Senior Living ("Discovery"); Encore Senior Living; Living ("Encore"); Health Services Management; Life Care Services; NHC; Senior Living Communities ("Senior Living"); and The Ensign Group.

As of March 31, 2024 June 30, 2024, our average effective annualized NOI for the Real Estate Investments reportable segment was $10,051 $9,618 per bed for SNFs, $14,185 $14,239 per unit for SLCs, $16,315 $18,845 per unit for ALFs, $8,379 $8,276 per unit for ILFs, $20,537 $21,606 per unit for EFCs and $63,899 per bed for the HOSP. As of March 31, 2024 June 30, 2024, our average effective annualized NOI per unit for the SHOP reportable segment was $6,793. $6,821.

Substantially all of our revenues and sources of cash flows from operations are rents paid under operating leases for real estate, revenues under resident agreements and interest earned on mortgage and other notes receivable. These revenues represent a primary source of liquidity to fund our distributions to stockholders and depend upon the performance of the operators. operators and managers. Operating difficulties experienced by our operators and managers could have a material adverse effect on their ability to meet their financial and other contractual obligations to us, as well as on our results of operations. We monitor operator performance through periodic reviews of operating results for each facility, covenant compliance and property inspections, among other activities.

Critical Accounting Policies and Estimates

There have been no significant changes to our critical accounting policies and estimates from the information provided in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in our Annual Report on Form 10-K for the year ended December 31, 2023.

Investment Activity

Carriage Crossing Senior Living Bloomington Encore

In February June 2024, we acquired a 110-unit ALF located in Sussex, Wisconsin, from Encore. The acquisition price was $32.1 million, including $0.1 million in closing costs, and the cancellation of an outstanding construction note receivable held by us of $22.2 million including interest. We added the facility to an existing master lease with Encore for a term of 15 years at an initial lease rate of 8.25%, and annual escalators of 2.21%. Of the total purchase price $1.3 million was allocated to land and $30.8 million was allocated to buildings and improvements.

Compass Senior Living, LLC

In June 2024, we funded $15.0 million $9.5 million on a mortgage loan note receivable secured by two facilities with Carriage Crossing Compass Senior Living, Bloomington, with an additional $2.0 million available to be funded contingent upon the performance of facility operations until March 31, 2027. LLC. The five-year loan agreement has provides for an annual interest rate of 8.75% and two one-year extensions. 8.5% with an option for the Company to purchase one or both facilities after July 2026.

Assets Held for Sale and Impairment of Long-Lived Assets

One property Two properties in our Real Estate Investments portfolio, with an aggregate a net real estate balance of $5.0 million $5.7 million, was were classified as an asset assets held for sale on our Condensed Consolidated Balance Sheet as of March 31, 2024 June 30, 2024. Rental income associated with this property was $0.3 million assets held for sale totaled $0.5 million and $0.5 million $0.9 million for the three and six months ended March 31, 2024 June 30, 2024, respectively, and 2023, $0.4 million and $1.0 million for the three and six months ended June 30, 2023, respectively.

During the three and six months ended June 30, 2024, we recorded impairment charges of approximately $0.7 million on one property reclassified to assets held for sale in the second quarter of 2024 in our Real Estate Investments segment. During the three and six months ended June 30, 2023, we recorded impairment charges of approximately $0.1 million on two properties and approximately $0.5 million on three properties, respectively, in our Real Estate Investments segment. The impairment charges were determined in connection with the preparation of the financial statements for the applicable quarterly period and are included in "*Loan and realty losses (gains)*" in the Condensed Consolidated Statements of Income.

In March 2024, we executed a purchase and sale agreement with a tenant to acquire its leased SLC for a purchase price of $38.5 million subject to the tenant's ability to secure financing for the purchase. The purchase and sale agreement expires in December 2024. Until the tenant provides notification that it has obtained financing, the property continues to be classified as held and used and leased pursuant to the existing triple-net lease that generates approximately $2.9 million $2.8 million in annual rent and expires in July 2027. The property had a net investment of $19.6 million $19.4 million as of March 31, 2024 June 30, 2024.

During the three months ended March 31, 2023, we recorded impairment charges of approximately $0.3 million for three properties in our Real Estate Investments segment. The impairment charges are included in "*Loan and realty losses*" in the Condensed Consolidated Statement of Income.

Second Quarter 2024 Dispositions

In the second quarter of 2024, we completed the sale of two ALFs located in Louisiana, previously leased to one of our tenants on cash basis, for net cash proceeds of $4.6 million, resulting in a gain of approximately $1.3 million. The properties were classified as held and used as of March 31, 2024 based on our assessment at that date of the buyer's ability to obtain financing to complete the purchase.

Other

Our leases for real estate properties are typically structured as "triple-net leases" on single-tenant properties having an initial leasehold term of 10 to 15 years with one or more five-year renewal options. As such, there may be reporting periods in which we experience few, if any, lease renewals or expirations. During the three and six months ended March 31, 2024 June 30, 2024, we did not have any significant renewing or expiring leases. Most of our existing leases contain annual escalators in rent payments. For financial statement purposes, rental income is generally recognized on a straight-line basis over the term of the lease.

In the first quarter of June 2024, we began negotiations with transitioned a tenant to transition its leased SNF located in Wisconsin to a new operator. We wrote off The new lease contains a purchase option to acquire the property at the end of the initial lease term in 2031 or during the renewal period at a fixed minimum internal rate of return on our investment. In the first quarter of 2024, we wrote off to "*Rental income*" the straight-line rent receivable of approximately $0.8 million associated with the existing lease that is expected to be terminated by the third quarter of 2024. lease.

Certain of our leases contain purchase options allowing tenants to acquire the leased properties. properties at a fixed base price plus a specified share in any appreciation, fixed base price, or a fixed minimum internal rate of return on our investment. At March 31, 2024 June 30, 2024, tenants had purchase options on three four properties with an aggregate net investment of $58.0 million $78.5 million that will become exercisable between 2027 and 2028. 2031. Rental income from these properties with tenant purchase options was $2.0 million and $3.8

million for three and six months ended June 30, 2024, respectively. Rental income from these properties with tenant purchase options was $1.8 million and $3.6 million for both the three and six months ended March 31, 2024 and 2023. June 30, 2023, respectively.

We cannot reasonably estimate at this time the probability that any purchase options will be exercised in the future. Consideration to be received from the exercise of any tenant purchase option is expected to exceed our net investment in the leased property or properties.

Tenant Concentration

The following table contains information regarding concentration in our Real Estate Investments portfolio of tenants or affiliates of tenants that exceed 10% of total revenues as of and for the three six months ended March 31, 2024 June 30, 2024 and 2023, excluding $2.6 million for our corporate office, a credit loss reserve of $15.5 million $15.9 million and $348.7 million $351.1 million in real estate assets for the SHOP segment (*$ in thousands*):

As of March 31, 2024

Asset

Asset

Asset

Class

Class

Class

As of June 30, 2024

Asset Class

Asset Class

Asset Class

2024

2024

2024

Senior Living

Senior Living

Senior Living		EFC	$ 573,631	$	$ 48,200	$	$12,815	16%	16%	$12,833	16%	16%	EFC		$573,631
NHC	NHC	SNF	133,770	—	—	11,246	11,246	14%	14%	9,807	12%	12%	NHC	SNF	
Bickford	Bickford	ALF	429,043	16,747	16,747	10,054	10,054	12%	12%	11,162	14%	14%	Bickford	ALF	
All others, net	All others, net	Various	1,307,634	209,402	209,402	31,409	31,409	39%	39%	34,267	41%	41%	All others, net	Various	
Escrow funds received from tenants for property operating expenses for property operating expenses for property operating expenses		Various	—	—	—	2,733	2,733	3%	3%	2,619	3%	3%		Various	—

$

Resident fees and services[3]

Resident fees and services[3]

Resident fees and services[3]	$	13,256	16%	16%		11,700	14%	14%

[1] Includes interest income on notes receivable and rental income from properties classified as assets held for sale.

[2] Amounts include any properties classified as held for sale.

[3] There is no tenant concentration in "Resident fees and services" because these agreements are with individual residents.

Straight-line rent revenue of $(0.7) $(0.5) million and $(0.3) $(0.6) million and interest income of $0.9 million $1.8 million and $1.0 million $1.9 million were recognized from the Senior Living investments for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. Straight-line rent revenue of $0.1 million and $(0.3) $(0.6) million was recognized from NHC for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. Interest income of $0.7 million $1.4 million and $0.9 million, respectively, $1.5 million was recognized from the Bickford notes receivable for the three six months ended March 31, 2024 June 30, 2024 and 2023. 2023, respectively. Reference Note 3 to the condensed consolidated financial statements included in this report.

Senior Living

As of June 30, 2024, we leased ten retirement communities to Senior Living. In the second quarter of 2024, two of the leases were amended to extend the maturity dates by two years and to provide up to $10.0 million of capital improvements on various properties, none of which was funded as of June 30, 2024.

NHC

The master lease for the three ILFs and 32 SNFs leased to NHC expires on December 31, 2026. The master lease contains two additional five-year renewal options at a fair rental value as negotiated between the parties. We have engaged Blueprint Healthcare Real Estate Advisors, a national advisory firm focused on skilled nursing and senior housing, to assist with underwriting, diligence, and market analysis with respect to the master lease renewal.

Bickford

Effective April 1, 2024, the combined rent for the Bickford portfolio was reset to $34.5 million per year with nominal increases through April 1, 2026, at which time the rent will be reset and will increase annually thereafter to a fair market value based on the Consumer Price Index ("CPI"). The minimum annual increase Base rent will be escalate annually thereafter based on either a fixed percentage or CPI subject to a floor of 2% with and a cap on the annual increase ceiling of 3%. As part of the lease amendments, we agreed to fund up to $8.0 million of capital improvements on 18 properties. various properties, of which less than $0.1 million was funded as of June 30, 2024. Rental revenue will increase at a lease rate of 8.0% applied to the amount expended.

Cash Basis Operators

We have three tenants on the cash basis of accounting for revenue recognition for their leasing arrangements based on our assessment of each tenant's ability to satisfy its obligations. Cash rents received from these tenants for the three and six months ended March 31, 2024 June 30, 2024 and 2023 were as follows (*$ in thousands*):

	Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31, Three Months Ended June 30,		Six Months Ended June 30,	
	2024 2024	2023	2024 2023	2024 2023
Bickford[1]				
All others				
All others[2]				
Total rental income from cash basis operators				

[1] Excludes $2.5 million of rental income related to the reduction of pandemic-related rent deferrals recognized in connection with the acquisition of an ALF from Bickford in the first quarter of 2023.

[2] In the second quarter of 2024, we received a $2.5 million lump sum payment from an operator for partial repayment of pandemic-related rent deferrals.

Occupancy

The following table summarizes the average portfolio occupancy for Senior Living, Bickford and the SHOP segment for the periods indicated, excluding development properties in operation less than 24 months, notes receivable, and properties transitioned to new tenants or disposed of.

		Properties		Properties	1Q23	2Q23	3Q23	4Q23	1Q24	March 2024		Properties	1Q23	2Q23	3Q23	4Q23 1Q24 2Q24
Senior Living Same-Store	Senior Living Same-Store	9	83.5%	82.2%	81.9%	83.0%	83.4%	83.8%	Senior Living Same-Store	9	83.5%	82.2%	81.9%	83.0%	83.4%	83.9%
Senior Living	Senior Living	10	82.7%	81.4%	81.0%	82.4%	82.8%	83.1%	Senior Living	10	82.7%	81.4%	81.0%	82.4%	82.8%	83.1%
Bickford Same-Store[1]	Bickford Same-Store[1]	38	81.3%	81.6%	83.8%	84.8%	85.4%		Bickford Same-Store[1]	38	81.3%	81.6%	83.8%	84.8%	85.4%	85.0%
Bickford[2]	Bickford[2]	39	81.6%	82.0%	84.2%	85.2%	85.9%	85.8%	Bickford[2]	39	81.6%	82.0%	84.2%	85.2%	85.9%	85.4%
SHOP	SHOP	15	75.2%	75.5%	79.0%	83.2%	85.3%	86.3%	SHOP	15	75.2%	75.5%	79.0%	83.2%	85.3%	87.0%

[1]All prior periods restated for the sale of an ALF in Iowa.

[2]Includes Chesapeake, Virginia building which opened in the second quarter of 2022. NHI exercised its purchase option in February 2023.

Tenant Monitoring

Our operators report to us the results of their operations on a periodic basis, which we in turn subject to further analysis as a means of monitoring potential concerns within our portfolio. We have identified EBITDARM (earnings before interest, taxes, depreciation, amortization, rent and management fees) as a primary performance measure for our tenants, based on results they have reported to us. We believe EBITDARM is useful in our most fundamental analyses, as it is a property-level measure of our operators' an operator's success, by eliminating the effects of an the operator's method of acquiring the use of its assets (interest and rent), its non-cash expenses (depreciation and amortization), and expenses that are dependent on its level of success (income taxes), and also excluding the effect of the operator's payment of its management fees, as typically those fees are contractually subordinate to our lease payment. For operators of our EFCs, our calculation of EBITDARM includes other cash flow adjustments typical of the industry which may include, but are not limited to, net cash flows from entrance fees; amortization of deferred entrance fees; adjustments for tenant rent obligations; and management fee true-ups. The eliminations and adjustments reflect covenants in our leases and provide a comparable basis for assessing our various relationships.

We believe that EBITDARM is a useful way to analyze the cash potential of a group of assets. From EBITDARM we calculate a coverage ratio (EBITDARM/cash rent), measuring the ability of the operator to meet its monthly obligation. In

addition to EBITDARM and the coverage ratio, we rely on a careful balance sheet analysis and other analytical procedures to help us identify potential areas of concern relative to our operators' ability to generate sufficient liquidity to meet their obligations, including their obligation to continue to pay the amount due to us. Typical among our operators is a varying lag in reporting to us the results of their operations. Across our portfolio, however, our operators report their results, typically within either 30 or 45 days and at the latest, within 90 days of month's end. For computational purposes, we exclude mortgage and other notes receivable, and development and lease-up properties that have been in operation less than 24 months. For stabilized acquisitions in the portfolio less than 24 months and renewing leases with changes in scheduled rent, we include pro forma cash rent. Same-store portfolio coverage excludes properties that have transitioned operators in the past 24 months or assets subsequently sold except as noted.

The results of our coverage ratio analysis are presented below on a trailing twelve-month basis as of December 31, 2023 March 31, 2024 and 2022 2023 (the most recent periods available).

NHI Real Estate Investments Portfolio[1]

By asset type	SHO	SNF	MEDICAL NON-SNF	TOTAL
Properties	91	68	1	160
4Q22 Coverage	1.23x	2.50x	2.65x	1.73x
4Q22 Occupancy	84.9%	77.8%	76.5%	81.2%
4Q23 Coverage	1.45x	2.82x	3.03x	2.00x
4Q23 Occupancy	84.3%	81.4%	79.7%	82.8%

Market served	Need Driven	Need Driven excl. Bickford	Discretionary	Discretionary excl. Senior Living	Medical	Medical excl. NHC
Properties	77	39	14	5	69	34

4Q22 Coverage	1.13x	1.02x	1.35x	1.76x	2.50x	2.11x
4Q22 Occupancy	85.7%	87.0%	83.7%	85.3%	77.8%	70.5%
4Q23 Coverage	1.35x	1.16x	1.54x	1.63x	2.83x	2.07x
4Q23 Occupancy	85.0%	86.6%	83.2%	84.3%	81.4%	73.6%

Major tenants	NHC[2]	Senior Living[3]	Bickford[4]
Properties	35	10	38
4Q22 Coverage	3.07x	1.17x	1.26x
4Q22 Occupancy	83.8%	82.6%	84.0%
4Q23 Coverage	3.80x	1.48x	1.58x
4Q23 Occupancy	87.9%	81.9%	82.9%

NHI Real Estate Investments Portfolio[1]

By asset type	SHO	SNF	MEDICAL NON-SNF	TOTAL
Properties	89	68	1	158
1Q23 Coverage	1.22x	2.48x	2.57x	1.71x
1Q23 Occupancy	83.9%	78.9%	75.8%	81.3%
1Q24 Coverage	1.49x	2.97x	3.28x	2.08x
1Q24 Occupancy	84.6%	81.9%	80.4%	83.2%

Market served	Need Driven	Need Driven excl. Bickford	Discretionary	Discretionary excl. Senior Living	Medical	Medical excl. NHC
Properties	75	37	14	5	69	34
1Q23 Coverage	1.14x	0.93x	1.31x	1.34x	2.48x	2.09x
1Q23 Occupancy	84.0%	84.3%	83.8%	85.0%	78.9%	71.6%
1Q24 Coverage	1.38x	1.15x	1.60x	1.83x	2.98x	2.20x
1Q24 Occupancy	85.4%	86.4%	83.6%	85.1%	81.9%	74.3%

Major tenants	NHC[2]	Senior Living[3]	Bickford[3]
Properties	35	10	38
1Q23 Coverage	3.02x	1.28x	1.41x
1Q23 Occupancy	85.0%	82.9%	83.4%
1Q24 Coverage	3.96x	1.49x	1.67x
1Q24 Occupancy	88.2%	81.9%	83.9%

1 All tables based on trailing 12 months; excludes transitioned properties under cash-flow based leases, loans and mortgages; excludes development and lease-up properties in operation less than 24 months; and includes proforma cash rent for stabilized acquisitions in the portfolio less than 24 months.

2 NHC Fixed Charge Coverage Ratio and displayed occupancies are on corporate-level. The occupancies are for the SNF portfolio only as can be seen in NHC's public filings.

3 Senor Senior Living operates nine discretionary CCRC properties and one need-driven assisted living community.

4 Bickford pro forma coverages assuming at the full impact of the increased rent, effective April 2024, rent reset are 1.37x 1.45x for the TTM ended in the fourth quarter of 2023 T12 and 1.19x 1.21x for the TTM ended in the fourth quarter of 2022. Prior T12.

Coverage ratios may include amounts provided by state and federal government programs to support businesses, including healthcare providers, that have been impacted by the COVID-19 pandemic. These funds were largely distributed in 2020 and 2021 and as such do not substantially impact the reported coverage ratios.

Fluctuations in portfolio coverage are a result of market and economic trends, local market competition, and regulatory factors, as well as the operational success of our tenants. We use the results of individual leases to inform our decision making with respect to specific tenants, but trends described above by property type and operator bear analysis. For many of the affected operators, as is typical of our portfolio in general, NHI has security deposits in place and/or corporate guarantees should actual cash rental shortfalls eventually materialize. In certain instances, our operators may increase their security deposits with us in an amount equal to the coverage shortfall, and, upon subsequent compliance with the required lease coverage ratio, the operator would then be entitled to a full refund. The sufficiency of credit enhancements (e.g. (*e.g.*, tenant deposits and guarantees) as a protection against economic downturn will be a focus as we monitor economic and financial conditions. The metrics presented in the tables above give no effect to the presence of these security deposits.

Real Estate and Mortgage Write-downs

In addition to inflation risk and increased interest rates, our borrowers and tenants experience periods of significant financial pressures and difficulties similar to those encountered by other healthcare providers. Our Condensed Consolidated Statement Statements of Income for the three and six months ended March 31, 2023 reflects June 30, 2024 reflect impairment charges of our long-lived assets of approximately $0.3

million. $0.7 million. We reduced the carrying value of any impaired property to estimated fair value, or with respect to the properties classified as held for sale, to estimated fair value less estimated transaction costs. We have no significant intangible assets currently recorded on our Condensed Consolidated Balance Sheet as of March 31, 2024 June 30, 2024, that would require assessment for impairment.

We have established a reserve for estimated credit losses of $15.5 million $15.9 million and a liability of $0.3 million for estimated credit losses on unfunded loan commitments as of March 31, 2024 June 30, 2024. We evaluate the reserves for estimated credit losses on a quarterly basis and make adjustments based on current circumstances as considered necessary.

We believe that the carrying amounts of our real estate properties are recoverable and that mortgage and other notes receivable, net of reserves, are realizable and supported by the value of the underlying collateral. However, it is possible that future events could require us to make additional significant adjustments to these carrying amounts. Refer to Notes 3 and 4 in the condensed consolidated financial statements included in this report for more information.

Results of Operations

The significant items affecting revenues and expenses are described below (*$ in thousands*):

	Three Months Ended					
	March 31,					
	March 31,					
	March 31,			Period Change		
	June 30,					
	June 30,					
	June 30,			Period Change		
	2024	2024	2023	$	%	
Revenues:						
Rental income						
Rental income						
Rental income						
SHOs leased to Bickford						
SHOs leased to Bickford						
SHOs leased to Bickford	$ 9,364 $	$ 9,276 $	$ 88	0.9	0.9 %	$ 9,901 $ $
SHOs leased to Senior Living Management	639	914	(275)	(30.1)	%	
SHOs leased to Chancellor Health Care						
SHOs leased to Chancellor Health Care						
SHOs leased to Chancellor Health Care	1,278	1,969 1,969	(691) (691)	(35.1) (35.1)	%	SHOs leased to Chancellor Health Care 2,387
SHOs leased to Encore						

SHOs leased to Encore													
SHOs leased to Encore		1,454		306	1,148			NM					
SNFs leased to NHC													
SNFs leased to NHC													
SNFs leased to NHC		11,192		10,115	1,077		10.6		%				
Other new and existing leases													
Other new and existing leases													
Other new and existing leases		37,527	36,021	36,021	1,506	1,506	4.2	4.2	%		46,151	45,492	
Disposals and assets held for sale	Disposals and assets held for sale	485	2,587	2,587	(2,102)	(2,102)	(81.3)	(81.3)	%	Disposals and assets held for sale	2,575		1
			60,485		60,882	(397)		(0.7)	%				
			62,468		55,641	6,827		12.3	%				
Straight-line rent adjustments, new and existing leases	Straight-line rent adjustments, new and existing leases	(308)	2,097	2,097	(2,405)	(2,405)	NM		NM	Straight-line rent adjustments, new and existing leases		1,213	
Amortization of lease incentives	Amortization of lease incentives	(723)	(299)	(299)	(424)	(424)	NM		NM	Amortization of lease incentives		(723)	
Escrow funds received from tenants for taxes and insurance	Escrow funds received from tenants for taxes and insurance	2,733	2,619	2,619	114	114	4.4	4.4	%	Escrow funds received from tenants for taxes and insurance	2,802		3
Total Rental Income	Total Rental Income	62,187	65,299	65,299	(3,112)	(3,112)	(4.8)	(4.8)	%	Total Rental Income	65,760		60
Resident fees and services	Resident fees and services	13,256	11,700	11,700	1,556	1,556	13.3	13.3	%	Resident fees and services	13,390		11
Interest income and other													
Encore Senior Living mortgage loan													
Encore mortgage loan													
Encore Senior Living mortgage loan													
Encore mortgage loan													
Encore Senior Living mortgage loan		1,130		868	262		30.2		%				
Encore mortgage loan		451		950	(499)		(52.5)		%				
Capital Funding Group	Capital Funding Group	1,432	985	985	447	447	45.4	45.4	%	Capital Funding Group	1,432		
Loan payoffs													
Loan payoffs													
Loan payoffs		—	225	225	(225)	(225)	(100.0)	(100.0)	%		247	—	
Other new and existing mortgages and notes	Other new and existing mortgages and notes	3,380	3,230	3,230	150	150	4.6	4.6	%	Other new and existing mortgages and notes	3,614		3

Total Interest Income from Mortgage and Other Notes	Total Interest Income from Mortgage and Other Notes	5,942	5,308	5,308	634	634	11.9	11.9	%	Total Interest Income from Mortgage and Other Notes	5,744	5
Other income	Other income	128	81	81	47	47	58.0	58.0	%	Other income	76	
Total Revenues	Total Revenues	81,513	82,388	82,388	(875)	(875)	(1.1)	(1.1)	%	Total Revenues	84,970	77
Expenses:												
Depreciation												
Depreciation												
Depreciation												
ALFs leased to Bickford												
ALFs leased to Bickford												
ALFs leased to Bickford		2,782	2,823	2,823	(41)	(41)	(1.5)	(1.5)	%		2,746	2,970
SHOs leased to Silverado												
SHOs leased to Silverado												
SHOs leased to Silverado		254		170	84		49.4		%			
Current year disposals and assets held for sale												
Current year disposals and assets held for sale												
Current year disposals and assets held for sale	Current year disposals and assets held for sale	—	45	45	(45)	(45)	(100.0)	(100.0)	%		161	156
Other new and existing assets	Other new and existing assets	14,469	14,579	14,579	(110)	(110)	(0.8)	(0.8)	%	Other new and existing assets	14,583	14
Total Depreciation	Total Depreciation	17,505	17,617	17,617	(112)	(112)	(0.6)	(0.6)	%	Total Depreciation	17,490	17
Interest	Interest	14,869	14,027	14,027	842	842	6.0	6.0	%	Interest	14,854	14
Senior housing operating expenses	Senior housing operating expenses	10,314	9,799	9,799	515	515	5.3	5.3	%	Senior housing operating expenses	10,437	9
Legal		236		122	114		93.4		%			
Franchise, excise and other taxes		(187)		183	(370)				NM			
Taxes and insurance on leased properties	Taxes and insurance on leased properties	2,733	2,619	2,619	114	114	4.4	4.4	%			
Loan and realty losses (gains)		10		(418)	428				NM			
General and administrative		5,642		5,653	(11)		(0.2)		%			
Taxes and insurance on leased properties												
Taxes and insurance on leased properties		2,802		3,212	(410)		(12.8)		%			
Loan and realty losses		1,106		186	920				NM			
Other expenses		5,082		4,738	344		7.3		%			
Total Expenses	Total Expenses	51,122	49,602	49,602	1,520	1,520	3.1	3.1	%	Total Expenses	51,771	49
Income before investment and other gains and losses		30,391		32,786	(2,395)		(7.3)		%			

Gains on sales of real estate, net	Gains on sales of real estate, net	100	1,397	1,397	(1,297)	(1,297)	(92.8)	(92.8)	%				
Gains on sales of real estate, net													
Gains on sales of real estate, net		1,517	11,366		(9,849)		(86.7)	%					
Gain on operations transfer, net		—	20		(20)		(100.0)	%					
Loss on early retirement of debt		—	(73)		73		(100.0)	%					
Gains from equity method investment													
Gains from equity method investment													
Gains from equity method investment		166	—	—	166	166	NM	NM			236	—	
Net income													
Net income													
Net income													
Net income		30,657	34,183	34,183	(3,526)	(3,526)	(10.3)	(10.3)	%		34,952	39,447	
Add: net loss attributable to noncontrolling interests	Add: net loss attributable to noncontrolling interests	290	301	301	(11)	(11)	(3.7)	(3.7)	%	Add: net loss attributable to noncontrolling interests	304		
Net income attributable to stockholders	Net income attributable to stockholders	30,947	34,484	34,484	(3,537)	(3,537)	(10.3)	(10.3)	%	Net income attributable to stockholders	35,256	39	
Less: net income attributable to unvested restricted stock awards	Less: net income attributable to unvested restricted stock awards	(32)	—	—	(32)	(32)	NM	NM		Less: net income attributable to unvested restricted stock awards	(29)		
Net income attributable to common stockholders	Net income attributable to common stockholders	$30,915	$	$34,484	$	$(3,569)	(10.3)	(10.3)%		Net income attributable to common stockholders	$ 35,227	$	

NM - not meaningful

NM - not meaningful

NM - not meaningful

Financial highlights for the three months ended March 31, 2024 June 30, 2024, compared to the same period of 2023, were as follows:

- Rental income recognized from our tenants decreased $3.1 million increased $4.8 million, or 4.8% 7.9%, primarily as a result of properties disposed of since March 2023 and a decrease an increase in pandemic-related rent deferral repayments of approximately $0.9 million $4.0 million, partially offset by including a $2.5 million lump sum payment from a cash basis operator, and new investments funded since March June 2023, and an increase in NHC's percentage rent. Included in rental income for the three months ended March 31, 2024 is a write off partially offset by properties disposed of a straight-line rent receivable of approximately $0.8 million related to the expected termination of an existing lease and re-tenanting of a SNF. since June 2023. See Note 3 to the condensed consolidated financial statements included in this report.

- Funds received for reimbursement of property operating expenses totaled $2.7 million $2.8 million for the three months ended March 31, 2024 June 30, 2024, compared to $2.6 million $3.2 million for the three months ended March 31, 2023 June 30, 2023, and are reflected as a component of rental income. These property operating expenses are recognized in operating expenses in the line item "*Taxes and insurance on leased properties.*" The increase decrease in the reimbursement income and corresponding property expenses is due to increased decreased amounts received from tenants and expenses paid on their behalf.

- Resident fees and services less senior housing operating expenses increased $1.0 million $0.8 million, or 55% 40%, primarily due to increased revenues from higher occupancy in our SHOP activities segment in the current period. See Note 5 to the condensed consolidated financial statements included in this report.

- Interest income from mortgages and other notes increased $0.6 million $0.7 million, or 11.9% 13.0%, primarily due to new and existing loan fundings, net of paydowns on loans.

- Interest expense increased $0.8 million $0.7 million, or 6.0% 4.6%, primarily as the result of increased interest rates offset by reduced and borrowings on the unsecured revolving credit facility and partial repayments of term loans;

- Franchise, excise and other taxes decreased $0.4 million due to refunds in two states. facility.

- Loan and realty losses (gains) decreased $0.4 million increased $0.9 million associated with the decrease increase of the credit loss reserve of $0.7 million offset by $0.5 million and real estate impairment charges on three properties one property of $0.3 million $0.7 million in the first second quarter of 2023 2024 in our Real Estate Investments segment as described under the heading "*Assets Held for Sale and Impairments of Long-Lived Assets*" in Note 3 to the condensed consolidated financial statements. During the second quarter of 2023, two real estate properties were impaired resulting in a total of $0.1 million in impairment charges.

- Gains on sales of real estate, net decreased $1.3 million $9.8 million. The gain gains recognized in the first second quarter of 2024 were primarily associated with the disposition of two properties. During the second quarter of 2023, was associated with one property disposition. No we disposed of three properties were sold that resulted in the first quarter gains of 2024. approximately $11.4 million.

The significant items affecting revenues and expenses are described below (*$in thousands*):

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Period Change $	Period Change %
Revenues:				
Rental income				
ALFs leased to Bickford	$ 19,178	$ 17,396	$ 1,782	10.2 %
SNFs leased to NHC	20,727	19,599	1,128	5.8 %
ALFs leased to Encore	2,737	1,433	1,304	91.0 %
ALFs leased to Chancellor Health Care	3,665	1,677	1,988	NM
EFCs leased to Senior Living	25,151	24,418	733	3.0 %
SHOs leased to Wingate Healthcare	1,500	840	660	78.6 %
Other new and existing leases	46,085	46,557	(472)	(1.0)%
Current year disposals and assets held for sale	3,910	4,603	(693)	(15.1)%
	122,953	116,523	6,430	5.5 %
Straight-line rent adjustments, new and existing leases	905	4,972	(4,067)	(81.8)%
Amortization of lease incentives	(1,446)	(1,075)	(371)	34.5 %
Escrow funds received from tenants for taxes and insurance	5,535	5,830	(295)	(5.1)%
Total Rental Income	127,947	126,250	1,697	1.3 %
Resident fees and services	26,645	23,493	3,152	13.4 %
Interest income and other				
Capital Funding Group	1,600	1,592	8	0.5 %
Encore	1,074	1,817	(743)	(40.9)%
Loan payoffs	753	225	528	NM
Other new and existing mortgages and notes	8,258	6,756	1,502	22.2 %
Total Interest Income from Mortgage and Other Notes	11,685	10,390	1,295	12.5 %
Other income	205	131	74	56.5 %
Total Revenues	166,482	160,264	6,218	3.9 %
Expenses:				
Depreciation				
ALFs leased to Bickford	5,518	5,793	(275)	(4.7)%
ALFs leased to Silverado	509	424	85	20.0 %
SHOP depreciation	4,927	4,466	461	10.3 %

Current year disposals and assets held for sale	409	313	96	30.7 %
Other new and existing assets	23,632	24,351	(719)	(3.0)%
Total Depreciation	34,995	35,347	(352)	(1.0)%
Interest	29,723	28,221	1,502	5.3 %
Senior housing operating expenses	20,751	19,481	1,270	6.5 %
Franchise, excise and other taxes	(139)	441	(580)	NM
Taxes and insurance on leased properties	5,535	5,830	(295)	(5.1)%
Loan and realty losses (gains)	1,116	(232)	1,348	NM
Other expenses	10,910	10,256	654	6.4 %
Total Expenses	102,891	99,344	3,547	3.6 %
Gains on sales of real estate, net	1,617	12,763	(11,146)	(87.3)%
Gain on operations transfer, net	—	20	(20)	(100.0)%
Loss on early retirement of debt	—	(73)	73	(100.0)%
Gains from equity method investment	402	—	402	NM
Net income	65,610	73,630	(8,020)	(10.9)%
Add: net loss attributable to noncontrolling interests	593	633	(40)	(6.3)%
Net income attributable to stockholders	66,203	74,263	(8,060)	(10.9)%
Less: net income attributable to unvested restricted stock awards	(61)	(19)	(42)	221.1 %
Net income attributable to common stockholders	$ 66,142	$ 74,244	$ (8,102)	(10.9)%

NM - not meaningful

Financial highlights for the six months ended June 30, 2024, compared to the same period in 2023, were as follows:

- Rental income recognized from our tenants increased $1.7 million, or 1.3%, primarily as a result of an increase in pandemic-related rent deferral repayments of approximately $3.2 million, an increase in NHC’s percentage rent and new investments funded since June 2023, partially offset by properties disposed of since June 2023. Included in rental income for the six months ended June 30, 2024 is a write-off of a straight-line rent receivable of approximately $0.8 million related to the termination and re-tenanting of a SNF. See Note 3 to the condensed consolidated financial statements included in this report.

- Resident fees and services less senior housing operating expenses increased $1.9 million, or 47%, primarily due to increased revenues from higher occupancy in our SHOP segment in the current period. See Note 5 to the condensed consolidated financial statements.

- Interest income from mortgages and other notes increased $1.3 million, or 12.5%, primarily due to new and existing loan fundings, net of paydowns on loans.

- Interest expense increased $1.5 million, or 5.3%, primarily as the result of increased interest rates and borrowings on the unsecured revolving credit facility, offset by partial repayments on term loans.

- Franchise, excise and other taxes decreased $0.6 million due to the timing of $0.5 million in refunds received.

- Loan and realty losses increased $1.3 million primarily associated with the increase of the credit loss reserve of $0.5 million and real estate impairment charges on one property of $0.7 million in our Real Estate Investments segment as described under the heading “*Assets Held for Sale and Impairments of Long-Lived Assets*” in Note 3 to the condensed consolidated financial statements. During the six months ended June 30, 2023, we impaired two real estate properties resulting in impairment charges of approximately $0.5 million.

- Gains on sales of real estate, net decreased $11.1 million for the six months ended June 30, 2024, as compared to the same period in the prior year. For the six months ended June 30, 2024, we recorded $1.6 million in gains from dispositions of real estate assets as described under “*Asset Dispositions*” in Note 3 to the condensed consolidated financial statements included in this report. For the six months ended June 30, 2023, we disposed of eight properties generating gains on sales of real estate totaling $12.8 million.

- Gains from equity method investment for the six months ended June 30, 2024 represent cash distributions received for the period related to our Timber Ridge OpCo investment. There were no distributions received for the six months ended June 30, 2023. Reference Note 6 to the condensed consolidated financial statements for more information.

Liquidity and Capital Resources

At March 31, 2024 June 30, 2024, we had $451.5 million $455.5 million available to draw on our $700.0 million unsecured revolving credit facility $11.4 million (the “2022 Credit Facility”), $14.8 million in unrestricted cash and cash equivalents, and the potential to access $500.0 million through the issuance of common stock under the Company’s at-the-market (“ATM”) equity program. In addition, the Company maintains an effective automatic shelf registration statement through which capital could be raised via through the issuance of debt and/or equity securities.

Sources and Uses of Funds

Our primary sources of cash include rent payments, receipts from residents, principal and interest payments on mortgage and other notes receivable, proceeds from the sales of real property, net proceeds from offerings of equity securities and borrowings from our loans and revolving credit facility. 2022 Credit Facility. Our primary uses of cash include debt service payments (both principal and interest), new investments in real estate and notes receivable, dividend distributions to our stockholders, operating expenses for the SHOP activities and general corporate overhead.

These sources and uses of cash are reflected in our Condensed Consolidated Statements of Cash Flows as summarized below (*$ in thousands):*

		Three Months Ended March 31,				One Year Change							
		Six Months Ended June 30,				One Year Change							
		2024		2024	2023		$		%			2024	
Cash and cash equivalents and restricted cash, January 1	Cash and cash equivalents and restricted cash, January 1	$24,617	$	$21,516	$	$ 3,101	14.4	14.4 %	Cash and cash equivalents and restricted cash, January 1	$ 24,617	$	$21,516	$
Net cash provided by operating activities	Net cash provided by operating activities	40,827	31,048	31,048	9,779	9,779	31.5	31.5	%	Net cash provided by operating activities 101,566	81,544	81,544	
Net cash used in investing activities		(16,193)		(27,521)		11,328		(41.2) %					
Net cash (used in) provided by investing activities		(29,544)		5,980		(35,524)		NM					
Net cash used in financing activities	Net cash used in financing activities	(35,922)	(9,516)	(9,516)	(26,406)	(26,406)	NM	NM	Net cash used in financing activities	(79,736)	(89,766)		(89,766)
Cash and cash equivalents and restricted cash, March 31		$13,329		$15,527		$(2,198)		(14.2) %					
Cash and cash equivalents and restricted cash, June 30		$16,903		$19,274		$(2,371)		(12.3) %					

NM - Not meaningful

Operating Activities – Net cash provided by operating activities for the three six months ended March 31, 2024 June 30, 2024 included new investments completed, the SHOP ventures, lease payment collections arising from escalators on existing leases and interest payments on new real estate and note investments completed.

Investing Activities – Net cash used in investing activities for the three six months ended March 31, 2024 June 30, 2024 was comprised primarily of $19.0 million $43.0 million of investments in mortgage and other notes receivable and renovations and acquisitions of real estate and equipment and the collection of principal on mortgage and other notes receivable of approximately $2.6 million $8.3 million.

Financing Activities – Net cash used in financing activities for the three six months ended March 31, 2024 June 30, 2024 differed from the same period in 2023 primarily as a result of an approximately $24.5 $10.5 million decrease in net borrowings, and a decrease of $2.0 million $2.9 million in proceeds from noncontrolling interests over the same period in 2023.

Debt Obligations

As of March 31, 2024 June 30, 2024, we had outstanding debt of $1.1 billion. Reference Note 8 to the condensed consolidated financial statements included in this report for additional information about our outstanding indebtedness. Also, reference Part I, Item 3 "Quantitative and Qualitative Disclosures About Market Risk" in this report for more details on our indebtedness and the impact of interest rate risk.

Unsecured Bank Credit Facility - Our unsecured bank credit facility 2022 Credit Facility consists of $700.0 million unsecured revolving credit facility (the "2022 Credit Agreement") that matures in March 2026, but may be extended at our option, subject to the satisfaction of certain conditions, for two additional six-month periods. Borrowings under the 2022 Credit Agreement Facility bear interest, at our election, at one of the following (i) Term Secured Overnight Financing Rate ("SOFR") (plus a credit spread adjustment) plus a margin ranging from 0.725% to 1.40%, (ii) Daily SOFR (plus a credit spread adjustment) plus a margin ranging from 0.725% to 1.40% or (iii) the base rate plus a margin ranging from 0.00% to 0.40%. In each election, the actual margin is determined according to our credit ratings. The base rate means, for any day, a fluctuating rate per annum equal to the highest of (i) the agent's prime rate, (ii) the federal funds rate on such day plus 0.50% or (iii) the adjusted Term SOFR for a one-month tenor in effect on such day plus 1.0%.

The 2022 Credit Agreement Facility requires that we calculate specified financial statement metrics and meet or exceed a variety of financial ratios, which are usual and customary in nature. These ratios are calculated quarterly and as of March 31, 2024 June 30, 2024, were

within required limits. The calculation of our leverage ratio involves intermediate determinations of our "total indebtedness" and of our "total asset value," as defined in the 2022 Credit Agreement. Facility.

We have a $200.0 million term loan agreement (the "2025 Term Loan") that matures June 2025 and bears interest at a variable rate which is SOFR-based with a margin determined according to our credit ratings plus a 0.10% credit spread adjustment.

As of March 31, 2024 June 30, 2024, the revolver 2022 Credit facility and term loan 2025 Term Loan bore interest at a rate of one-month Term SOFR (plus a 10 basis points ("bps") spread adjustment) plus 105 bps and 125 bps, based on our debt ratings, or 6.48% and 6.68%, respectively. The facility fee was 25 bps per annum. At April 30, 2024 July 31, 2024, $228.5 million $268.0 million was outstanding under the revolving facility.

Interest Rate Schedule

The current SOFR spreads and facility fee for our revolving credit facility 2022 Credit Facility and the 2025 Term Loan reflect our ratings compliance based on the applicable margin for SOFR loans at a debt rating of BBB-/Baa3 in the Interest Rate Schedule provided below in summary format:

	SOFR Spread		
Debt Ratings	Revolver	Revolver Facility Fee	$200m Term Loan
A+/A1	0.725%	0.125%	0.75%
A/A2	0.725%	0.125%	0.80%
A-/A3	0.725%	0.125%	0.85%
BBB+/Baa1	0.775%	0.150%	0.90%
BBB/Baa2	0.850%	0.200%	1.00%
BBB-/Baa3	1.050%	0.250%	1.25%
Lower than BBB-/Baa3	1.400%	0.300%	1.65%

If our credit rating from at least two credit rating agencies is downgraded below "BBB-/Baa3" the debt under our credit agreements will be subject to defined increases in interest rates and fees.

2031 Senior Notes - In January 2021, we issued $400.0 million in aggregate principal amount of 3.00% senior notes that mature on February 1, 2031 and pay interest semi-annually (the "2031 Senior Notes"). The 2031 Senior Notes are subject to affirmative and negative covenants, including financial covenants with which we were in compliance at March 31, 2024 June 30, 2024.

Debt Maturities - Reference Note 8 to the condensed consolidated financial statements included in this report for more information on our debt maturities.

Credit Ratings - Moody's Investors Services reaffirmed its credit rating and a senior unsecured debt rating of Baa3 and "Stable" outlook to on the Company on October 16, 2023. Fitch reaffirmed its public issuer credit rating of BBB- and "Stable" outlook on the Company on April 5, 2024 and S&P Global reaffirmed its BBB- rating and "Stable" outlook on the Company on November 14, 2023. Our unsecured private placement term loan agreements include a rate increase provision that is effective if any rating agency lowers our credit rating below investment grade and our compliance leverage increases to 50% or more. Any reduction in outlook or downgrade in our credit ratings from the rating agencies could negatively impact our costs of borrowings.

Debt Metrics - We believe that our fixed charge coverage ratio, which is the ratio of Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization, including amounts in discontinued operations, excluding real estate asset impairments and gains on dispositions) to fixed charges (interest expense at contractual rates net of capitalized interest and principal payments on debt), and the ratio of consolidated net debt to Adjusted EBITDA are meaningful measures of our ability to service our debt. We use these two measures as a useful basis to compare the strength of our consolidated balance sheet with those in our peer group. We also believe our consolidated balance sheet gives us a competitive advantage when accessing debt markets.

We calculate our fixed charge coverage ratio as approximately 4.5x 4.6x for the three six months ended March 31, 2024 June 30, 2024 (see our discussion under the heading "*Adjusted EBITDA"* below including a reconciliation to our net income). Giving effect to significant acquisitions, financings, disposals and payoffs on an annualized basis, our consolidated net debt to Annualized Adjusted EBITDA ratio is approximately 4.4x 4.2x for the three months ended March 31, 2024 June 30, 2024 (*$ in thousands*):

Consolidated Total Debt	$	1,139,266 1,136,035
Less: cash and cash equivalents		(11,357) (14,766)
Consolidated Net Debt	$	1,127,909 1,121,269
Adjusted EBITDA	$	64,259 66,932
Annualizing adjustment		192,778 200,796
Annualized impact of recent investments, disposals and payoffs		842 2,341
	$	257,879 270,069
Consolidated Net Debt to Annualized Adjusted EBITDA		4.4x 4.2x

Supplemental Guarantor Financial Information

The Company's $900.0 million combined bank credit facilities, unsecured private placement notes with an aggregate principal amount of $225.0 million, and 2031 Senior Notes with an aggregate principal amount of $400.0 million are fully and unconditionally guaranteed on a senior unsecured basis by each of the Company's subsidiaries, except for certain excluded subsidiaries ("Guarantors"). The Guarantors are either owned or controlled by, or are affiliates of, the Company.

The following tables present summarized financial information for the Company and the Guarantors, on a combined basis after eliminating (i) intercompany transactions and balances among the guarantor entities and (ii) equity in earnings from, and any investments in, any subsidiary that is a non-guarantor *($ in thousands)*:

		As of
		March 31, June 30, 2024
Real estate properties, net	$	1,814,819 1,830,783
Other assets, net		364,120 349,301
Note receivable due from non-guarantor subsidiary		81,396 81,383
Totals assets	$	2,260,335 2,261,467
Debt	$	1,063,292 1,060,124
Other liabilities		68,650 74,545
Total liabilities	$	1,131,942 1,134,669
Redeemable noncontrolling interest	$	9,425 9,169
Noncontrolling interests	$	860 885

		Three Six Months Ended March 31, June 30, 2024
Revenues	$	74,190 151,728
Interest revenue on note due from non-guarantor subsidiary		1,161 2,322
Expenses		46,591 93,800
Gains from equity method investee		166 402
Gains on sales of real estate		100 1,617
Net income	$	29,026 62,269
Net income attributable to NHI and the subsidiary guarantors	$	29,316 62,862

Equity

Equity

At March 31, 2024 June 30, 2024, we had 43,424,841 43,442,849 shares of common stock outstanding with a market value of $2.7 billion $2.9 billion. Equity on our Condensed Consolidated Balance Sheet totaled $1.3 billion at March 31, 2024 June 30, 2024.

Share Repurchase Plan - On February 16, 2024, our Board of Directors renewed our stock repurchase program (the "Repurchase Plan") pursuant to which we may purchase up to $160.0 million in shares of our issued and outstanding common stock. The Repurchase Plan is effective for a period of one year and does not require us to repurchase any specific number of shares. The Repurchase Plan may be suspended or discontinued at any time. Shares may be repurchased from time-to-time in open market transactions at prevailing market prices, in privately negotiated transactions or by other means in accordance with the terms of Rule 10b-18 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act") and repurchases shall be made in accordance with all applicable laws and regulations in effect. The timing and number of shares repurchased, if any, will depend on a variety of factors, including price, general market and economic conditions, alternative investment opportunities and other corporate considerations. No common stock was repurchased under the Repurchase Plan during the three months ended March 31, 2024 or 2023. June 30, 2024.

Dividends - Our Board of Directors approves a regular quarterly dividend which is reflective of expected taxable income on a recurring basis. Taxable income is determined in accordance with the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code") and differs from net income for financial statements purposes determined in accordance with U.S. generally accepted accounting principles ("GAAP"). Our Board of Directors has historically directed the Company toward maintaining a strong consolidated balance sheet. Therefore, we consider the competing interests of short and long-term debt (interest rates, maturities and other terms) versus the higher cost of new equity, and we accept some level of risk associated with leveraging our investments. We intend to continue to make new investments that meet our underwriting criteria and where the spreads over our cost of equity and debt capital on a leverage neutral basis will generate sufficient returns to our stockholders. We do not expect to utilize borrowings to satisfy the payment of dividends and project that cash flows from operations for the full year 2024 will be adequate to fund dividends at the current rate.

We intend to comply with REIT dividend requirements that we distribute at least 90% of our annual taxable income for the year ending December 31, 2024 and thereafter. Historically, the Company has distributed at least 100% of annual taxable income. Dividends declared for the fourth quarter of each fiscal year are paid by the end of the following January and are, with some exceptions, treated for tax purposes as having been paid in the fiscal year just ended as provided in Internal Revenue Code Section 857(b)(8).

The following table summarizes dividends declared by the Board of Directors or paid during the three six months ended March 31, 2024 June 30, 2024 and 2023:

Three Six Months Ended March 31, 2024 June 30, 2024			
Date of Declaration	Date of Record	Date Paid/Payable	Quarterly Dividend
November 3, 2023	December 29, 2023	January 26, 2024	$0.90
February 16, 2024	March 28, 2024	May 3, 2024	$0.90
May 3, 2024	June 28, 2024	August 2, 2024	$0.90

Three Six Months Ended March 31, 2023 June 30, 2023			
Date of Declaration	Date of Record	Date Paid/Payable	Quarterly Dividend
November 6, 2022	December 30, 2022	January 27, 2023	$0.90
February 17, 2023	March 31, 2023	May 5, 2023	$0.90
May 5, 2023	June 30, 2023	August 4, 2023	$0.90

On May 3, 2024 August 2, 2024, the Board of Directors declared a $0.90 per share dividend payable on August 2, 2024 November 1, 2024 to common stockholders of record as of June 28, 2024 September 27, 2024.

Shelf Registration Statement - We have an automatic shelf registration statement on file with the SEC that allows the Company to offer and sell to the public an unspecified amount of common stock, preferred stock, debt securities, warrants and/or units at prices and on terms to be announced when and if such securities are offered. The details of any future offerings, along with the

use of proceeds from any securities offered, will be described in a prospectus supplement or other offering materials, at the time of offering. Our shelf registration statement expires in March 2026.

Material Cash Requirements

We had approximately $6.5 million $52.1 million in corporate cash and cash equivalents on hand and $471.5 million $432.0 million in availability under our unsecured revolving credit facility as of April 30, 2024 July 31, 2024. Our expected material cash requirements for the twelve months ended March 31, 2025 June 30, 2025 and thereafter consist of long-term debt maturities; interest on long-term debt; and contractually obligated expenditures. We expect to meet our short-term liquidity needs largely through cash generated from operations and borrowings under our revolving credit facility (refer to the discussion under "*Unsecured Bank Credit Facility*" above) and sales from real estate investments, although we may choose to seek alternative sources of liquidity. Should we have additional liquidity needs, we believe that we could access long-term financing in the debt and equity capital markets.

Contractual Obligations and Contingent Liabilities

As of March 31, 2024 June 30, 2024, our contractual payment obligations were as follows *($ in thousands)*:

	Total	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Debt, including interest[1]											
Loan commitments											
Development commitments											
	$										

[1] Interest is calculated based on the weighted average interest rate of outstanding debt balances as of March 31, 2024 June 30, 2024. The calculation also includes a facility fee of 0.25%.

Commitments and Contingencies

The following tables summarize information as of March 31, 2024 June 30, 2024 related to our outstanding commitments and contingencies which are more fully described in the notes to the condensed consolidated financial statements (*$ in thousands*):

	Asset Class	Asset Class	Type	Total	Funded	Remaining	Asset Class	Type	Total	Funded	Remaining
Loan Commitments:											
Encore Senior Living											
Encore Senior Living											
Encore Senior Living											
Encore											
Encore											
Encore											
Senior Living											
Timber Ridge OpCo											
Watermark Retirement											
Montecito Medical Real Estate											
Carriage Crossing[1]											
			$								

[1] Funding contingent upon the performance of facility operations.

See Note 9 to our condensed consolidated financial statements included in this report for further details about our loan commitments. As provided above, loans funded do not include the effects of discounts or commitment fees.

The credit loss liability for unfunded loan commitments was $0.3 million as of March 31, 2024 June 30, 2024 and is estimated using the same methodology as used for our funded mortgage and other notes receivable based on the estimated amount that we expect to fund.

In the first quarter of 2024, our board of directors approved additional investment of up to $25.0 million in existing leased properties in the real estate investments Real Estate Investments segment. Projects that qualify for these funds are designed to assist the current tenants with improving the net operating results of the facilities. The rents associated with the properties will increase generally at a lease rate of no less than 8.0% applied to the amount expended. Identification and oversight of qualified projects are within the control of Company management. Funds are expected to be expended within two years of project approval. As of March 31, 2024 June 30, 2024, $1.0 million $19.0 million has been committed as noted in the table below, and no funds have less than $0.1 million has been expended. In April 2024, an additional $8.0 million and $10.0 million was committed for various properties in the Bickford and Senior Living leased portfolios, respectively.

	Asset Class	Type	Total	Funded	Remaining
Development Commitments:					
Woodland Village	SHO	Renovation	$ 7,515	$ (7,425)	$ 90
Navion Senior Solutions[1]	SHO	Renovation	4,500	(2,726)	1,774
Vizion Health	HOSP	Renovation	2,000	(1,216)	784
SHOP	ILF	Renovation	1,500	(1,221)	279
			$ 15,515	$ (12,588)	$ 2,927

	Asset Class	Type	Total	Funded	Remaining
Development Commitments:					
Woodland Village	SHO	Renovation	$ 7,515	$ (7,515)	$ —
Navion Senior Solutions[1]	SHO	Renovation	4,500	(3,347)	1,153
Vizion Health	HOSP	Renovation	2,000	(1,916)	84
Bickford[2]	SHO	Renovation	8,000	(15)	7,985
Senior Living[2]	SHO	Renovation	10,000	—	10,000
SHOP	ILF	Renovation	1,500	(1,221)	279
			$ 33,515	$ (14,014)	$ 19,501

[1] Includes $1.0 million of qualified project funds described above.

[2] Qualified project funds described above.

In addition to the commitments listed above, one of our consolidated real estate partnerships, NHI REIT of DSL PropCo, LLC, has committed to Discovery to fund up to $2.0 million toward the purchase of condominium units located at one of the facilities, of which $1.0 million has been funded as of March 31, 2024 June 30, 2024.

	Asset Class Asset Class Asset Class	Total	Funded	Remaining	Total	Funded	Remaining
Contingencies (Lease Inducements):							
Navion Senior Solutions							
Navion Senior Solutions							
Navion Senior Solutions							
Discovery							
Ignite Medical Resorts							
IntegraCare							
		$					

Litigation

Our facilities are subject to claims and suits in the ordinary course of business. Such claims may include, among other things professional liability and general liability claims, as well as regulatory proceedings relate related to our SHOP segment. Our managers, tenants and borrowers have indemnified, and are obligated to continue to indemnify, us against all liabilities arising from the operation of the facilities, and are further obligated to indemnify us against environmental or title problems affecting the real estate underlying such facilities. While there may be lawsuits pending against us and certain of the owners and/or lessees of the facilities, management believes that the ultimate resolution of all such pending proceedings will have no direct material adverse effect on our financial condition, results of operations or cash flows.

FFO & FAD

The supplemental performance measures described below may not be comparable to similarly titled measures used by other REITs. Consequently, our Funds From Operations ("FFO"), Normalized FFO and Normalized Funds Available for Distribution ("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 measures, caution should be exercised when comparing our FFO, Normalized FFO and Normalized FAD to that of other REITs. These measures do not represent cash generated from operating activities in accordance with GAAP (these measures do not include changes in operating assets and liabilities) and therefore should not be considered an alternative to net earnings income as an indication of 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.

Funds From Operations - FFO

Our FFO per diluted common share for the three six months ended March 31, 2024 decreased $0.06, June 30, 2024 increased $0.05, or 4.8% 2.3%, over the same period in 2023 due primarily to the disposals of properties offset by new investments completed since March 31, 2023. June 30, 2023, offset by the disposals of real estate. FFO, as defined by the National Association of Real Estate Investment Trusts ("NAREIT") and applied by us, is calculated using the two-class method with net income allocated to common stockholders and holders of unvested restricted stock by applying the respective weighted-average shares outstanding during each period. The calculation of FFO begins with net income attributable to common stockholders (computed in accordance with GAAP), and excludes gains (or losses) from on sales of real estate, property, impairments of real estate, and real estate depreciation and amortization after adjusting for unconsolidated partnerships and joint ventures, if any.

Diluted FFO attributable to common stockholders per share assumes the exercise of stock options and other potentially dilutive securities.

Our Normalized FFO per diluted common share for the three six months ended March 31, 2024 June 30, 2024 increased $0.01, $0.13, or 0.9% 6.0%, over the same period in 2023. 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 non-real estate assets and liabilities, and recoveries of previous write-downs.

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.

Funds Available for Distribution - FAD

Our Normalized FAD for the three six months ended March 31, 2024 June 30, 2024 increased $3.2 million $10.4 million, or 6.78% 11.30%, over the same period in 2023 due primarily to net new investment activity, an increase in SHOP revenues and a decrease in franchise, excise and other taxes since March June 2023. In addition to the adjustments included in the calculation of Normalized FFO, Normalized FAD excludes the impact of any straight-line lease revenue, amortization of the original issue discount on our senior unsecured notes and amortization of debt issuance costs. We also adjust Normalized FAD for the net change in our allowance for expected credit losses, non-cash share-based compensation as well as certain non-cash items related to our equity method investment such as straight-line lease expense and amortization of purchase accounting adjustments.

Normalized FAD is an important supplemental performance measure for a REIT and a useful measure of liquidity as an indicator of the ability to distribute dividends to stockholders. GAAP requires a lessor to recognize contractual lease payments as 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 any discount or premium related to indebtedness and debt issuance costs to be amortized as non-cash adjustments to earnings.

The following table reconciles "*Net income attributable to common stockholders*", the most directly comparable GAAP metric, to FFO, Normalized FFO and Normalized FAD and is presented for both basic and diluted weighted average common shares *($ in thousands, except share and per share amounts)*:

	Three Months Ended March 31,	
	2024	2023
Net income attributable to common stockholders	$ 30,915	$ 34,484
Elimination of certain non-cash items in net income:		
Real estate depreciation	17,309	17,518
Real estate depreciation related to noncontrolling interests	(411)	(396)
Gains on sales of real estate, net	(100)	(1,397)

Impairments of real estate	—	338
NAREIT FFO attributable to common stockholders	47,713	50,547
Non-cash write-off of straight-line rent receivable	786	—
Non-cash rental income	—	(2,500)
Normalized FFO attributable to common stockholders	48,499	48,047
Straight-line lease revenue, net	(478)	(2,097)
Straight-line lease revenue, net, related to noncontrolling interests	(4)	24
Non-real estate depreciation	196	98
Non-real estate depreciation related to noncontrolling interests	(32)	(9)
Amortization of lease incentives	723	299
Amortization of lease incentive related to noncontrolling interests	(127)	(53)
Amortization of original issue discount	80	80
Amortization of debt issuance costs	740	526
Amortization related to equity method investment	(356)	(291)
Straight-line lease expense related to equity method investment	9	(4)
Note receivable credit loss expense (benefit)	10	(756)
Non-cash share-based compensation	2,155	2,105
Equity method investment capital expenditures	(68)	(105)
Equity method investment non-refundable fees received	280	239
Equity method investment distributions	(166)	—
SHOP recurring capital expenditures	(529)	(407)
SHOP recurring capital expenditures related to noncontrolling interests	43	43
Normalized FAD attributable to common stockholders	$ 50,975	$ 47,739
BASIC		
Weighted average common shares outstanding	43,388,841	43,388,742
NAREIT FFO attributable to common stockholders per share	$ 1.10	$ 1.16
Normalized FFO attributable to common stockholders per share	$ 1.12	$ 1.11
DILUTED		
Weighted average common shares outstanding	43,424,550	43,391,429
NAREIT FFO attributable to common stockholders per share	$ 1.10	$ 1.16
Normalized FFO attributable to common stockholders per share	$ 1.12	$ 1.11

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income attributable to common stockholders	$ 35,227	$ 39,760	$ 66,142	$ 74,244
Elimination of certain non-cash items in net income:				
Real estate depreciation	17,276	17,609	34,585	35,127
Real estate depreciation related to noncontrolling interests	(411)	(395)	(822)	(791)
Gains on sales of real estate, net	(1,517)	(11,366)	(1,617)	(12,763)
Impairments of real estate	654	131	654	469
NAREIT FFO attributable to common stockholders	51,229	45,739	98,942	96,286
Gain on operations transfer, net	—	(20)	—	(20)
Loss on early retirement of debt	—	73	—	73
Non-cash write-off of straight-line rent receivable	—	—	786	—
Non-cash rental income	—	—	—	(2,500)
Normalized FFO attributable to common stockholders	51,229	45,792	99,728	93,839
Straight-line lease revenue, net	(1,213)	(2,875)	(1,691)	(4,972)

Straight-line lease revenue, net, related to noncontrolling interests	(5)	21	(9)	45
Non-real estate depreciation	214	121	410	219
Non-real estate depreciation related to noncontrolling interests	(33)	(11)	(65)	(19)
Amortization of lease incentives	723	776	1,446	1,075
Amortization of lease incentive related to noncontrolling interests	(127)	(127)	(254)	(180)
Amortization of original issue discount	80	80	161	161
Amortization of debt issuance costs	793	523	1,533	1,049
Amortization related to equity method investment	(1,018)	(409)	(1,374)	(700)
Straight-line lease expense related to equity method investment	407	(2)	417	(6)
Note receivable credit loss expense (benefit)	452	55	462	(701)
Non-cash share-based compensation	686	770	2,842	2,874
Equity method investment capital expenditures	(66)	(105)	(133)	(210)
Equity method investment non-refundable fees received	299	216	579	455
Gains from equity method investment	(236)	—	(402)	—
SHOP recurring capital expenditures	(442)	(277)	(971)	(684)
SHOP recurring capital expenditures related to noncontrolling interests	36	38	79	81
Normalized FAD attributable to common stockholders	$ 51,779	$ 44,586	$ 102,758	$ 92,326
BASIC				
Weighted average common shares outstanding	43,397,080	43,388,753	43,392,961	43,388,748
NAREIT FFO attributable to common stockholders per share	$ 1.18	$ 1.05	$ 2.28	$ 2.22
Normalized FFO attributable to common stockholders per share	$ 1.18	$ 1.06	$ 2.30	$ 2.16
DILUTED				
Weighted average common shares outstanding	43,563,654	43,388,753	43,494,103	43,390,092
NAREIT FFO attributable to common stockholders per share	$ 1.18	$ 1.05	$ 2.27	$ 2.22
Normalized FFO attributable to common stockholders per share	$ 1.18	$ 1.06	$ 2.29	$ 2.16

Adjusted EBITDA

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, excluding real estate asset impairments, 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. These items 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. Adjusted EBITDA also includes our proportionate share of unconsolidated equity method investment presented on a similar basis. Since others may not use our definition of Adjusted EBITDA, caution should be exercised when comparing our Adjusted EBITDA to that of other companies.

The following table reconciles “*Net income*”, the most directly comparable GAAP metric, to Adjusted EBITDA (*$ in thousands*):

	Three Months Ended	Three Months Ended		Six Months Ended	
	Three Months Ended				
	Three Months Ended				
	March 31,				
	March 31,				
	March 31,				
	2024				
	2024				
		June 30,			
	2024	2024	2023	2024	2023
Net income					
Net income					

Net income				
Interest expense				
Interest expense				
Interest expense				
Franchise, excise and other taxes				
Franchise, excise and other taxes				
Franchise, excise and other taxes				
Depreciation				
Depreciation				
Depreciation				
NHI’s share of EBITDA adjustments for unconsolidated entities				
NHI’s share of EBITDA adjustments for unconsolidated entities				
NHI’s share of EBITDA adjustments for unconsolidated entities				
Note receivable credit loss expense (benefit)				
Note receivable credit loss expense (benefit)				
Note receivable credit loss expense (benefit)				
Gains on sales of real estate, net				
Gains on sales of real estate, net				
Gains on sales of real estate, net				
Gain on operations transfer, net				
Impairments of real estate				
Impairments of real estate				
Loss on early retirement of debt				
Loss on early retirement of debt				
Loss on early retirement of debt				
Impairments of real estate				
Non-cash write-off of straight-line rent receivable				
Non-cash write-off of straight-line rent receivable				
Non-cash write-off of straight-line rent receivable				
Non-cash rental income				
Non-cash rental income				
Non-cash rental income				
Adjusted EBITDA				
Adjusted EBITDA				
Adjusted EBITDA				
Interest expense at contractual rates				
Interest expense at contractual rates				
Interest expense at contractual rates				
Principal payments				
Principal payments				
Principal payments				
Fixed Charges				
Fixed Charges				
Fixed Charges				
Fixed Charge Coverage				
Fixed Charge Coverage				
Fixed Charge Coverage	4.7x	4.5x	4.6x	4.5x

For all periods presented, Adjusted EBITDA reflects GAAP interest expense, which excludes amounts capitalized during the period.

Net Operating Income

NOI is a U.S. non-GAAP supplemental financial measure used to evaluate the operating performance of real estate. We define NOI as total revenues, less tenant reimbursements and property operating expenses. We believe NOI provides investors relevant and useful information as it measures the operating performance of our properties at the property level on an unleveraged basis. We use NOI to make decisions about resource allocations and to assess the property level performance of our properties.

The following table reconciles NOI to net income, the most directly comparable GAAP metric (*$ in thousands*):

	Three Months Ended March 31,	
NOI Reconciliations:	2024	2023
Net income	$ 30,657	$ 34,183
Gains from equity method investment	(166)	—
Gains on sales of real estate, net	(100)	(1,397)
Loan and realty losses (gains)	10	(418)
General and administrative	5,642	5,653
Franchise, excise and other taxes	(187)	183
Legal	236	122
Interest	14,869	14,027
Depreciation	17,505	17,617
Consolidated NOI	$ 68,466	$ 69,970
NOI by segment:		
Real Estate Investments	$ 65,396	$ 67,988
SHOP	2,942	1,901
Non-Segment/Corporate	128	81
Total NOI	$ 68,466	$ 69,970

	Three Months Ended June 30,		Six Months Ended June 30,	
NOI Reconciliations:	2024	2023	2024	2023
Net income	$ 34,952	$ 39,447	$ 65,610	$ 73,630
Gains from equity method investment	(236)	—	(402)	—
Loss on early retirement of debt	—	73	—	73
Gain on operations transfer, net	—	(20)	—	(20)
Gains on sales of real estate, net	(1,517)	(11,366)	(1,617)	(12,763)
Loan and realty losses (gains)	1,106	186	1,116	(232)
General and administrative	4,870	4,306	10,510	9,959
Franchise, excise and other taxes	47	258	(139)	441
Legal	165	174	400	297
Interest	14,854	14,194	29,723	28,221
Depreciation	17,490	17,730	34,995	35,347
Consolidated NOI	$ 71,731	$ 64,982	$ 140,196	$ 134,953
NOI by segment:				
Real Estate Investments	$ 68,702	$ 62,823	$ 134,097	$ 130,811
SHOP	2,953	2,111	5,894	4,012
Non-Segment/Corporate	76	48	205	130
Total NOI	$ 71,731	$ 64,982	$ 140,196	$ 134,953

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

At March 31, 2024 June 30, 2024, we were exposed to market risks related to fluctuations in interest rates on approximately $448.5 million $444.5 million of variable-rate indebtedness and on our mortgage and other notes receivable. The unused portion ($451.5 455.5 million at March 31, 2024 June 30, 2024) of our revolving credit facility, should it be drawn upon, is subject to variable rates.

Interest rate fluctuations will generally not affect our future earnings or cash flows on our fixed rate debt and loans mortgage and other notes receivable unless such instruments mature or are otherwise terminated. However, interest rate changes will affect the fair value of our fixed rate instruments. Conversely, changes in interest rates on variable rate debt and investments would change our future earnings and cash flows, but not significantly affect the fair value of those instruments. Assuming a 50 basis-point increase or decrease in the interest rate related to variable-rate debt, and assuming no change in the outstanding balance as of March 31, 2024 June 30, 2024, net interest expense would increase or decrease annually by approximately $2.2 million, or $0.05 per common share on a diluted basis.

We have historically used derivative financial instruments in the normal course of business to mitigate interest rate risk. We do not use derivative financial instruments for speculative purposes. We currently have no derivative financial instruments but may engage in hedging strategies to manage our exposure to market risks in the future, depending on an analysis of the interest rate environment and the costs and risks of such strategies.

The following table sets forth certain information with respect to our debt (*$ in thousands*):

			March 31, 2024				December 31, 2023		
			June 30, 2024				December 31, 2023		
		Balance[1]	Balance[1]	% of total	Rate[2]	Balance[1]		% of total	
Fixed rate:									
Private placement term loans - unsecured									
Private placement term loans - unsecured									
Private placement term loans - unsecured		$225,000	19.6	19.6 %	4.28 %	$ 225,000	19.6	19.6 %	4.28 % $ 225
2031 Senior notes - unsecured		400,000		34.8 %	3.00 %	400,000		34.9 %	3.00 %
2031 Senior Notes - unsecured		400,000		34.9 %	3.00 %	400,000		34.9 %	3.00 %
Fannie Mae term loans - secured, non-recourse									
Fannie Mae term loans - secured, non-recourse									
Fannie Mae term loans - secured, non-recourse		76,136	6.6	6.6 %	3.96 %	76,241	6.7	6.7 %	3.96 % 76
Variable rate:									
Variable rate:									
Variable rate:									
Bank term loan - unsecured									
Bank term loan - unsecured									
Bank term loan - unsecured		200,000	17.4	17.4 %	6.68 %	200,000	17.4	17.4 %	6.69 % 200
Revolving credit facility - unsecured	Revolving credit facility - unsecured	248,500	21.6	21.6 %	6.48 %	245,000	21.4	21.4 %	6.49 % Revol credit facility unsec

$	$1,149,636	100.0	100.0 %	4.71 %	$1,146,241	100.0	100.0 %

1 Differs from carrying amount due to unamortized discounts and loan costs.

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2 Total is weighted average rate.

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To highlight the sensitivity of our fixed rate debt to changes in interest rates, the following summary shows the effects on fair value ("FV") assuming a parallel shift of 50 bps in market interest rates for a contract with similar maturities as of March 31, 2024 June 30, 2024 (*$ in thousands*):

	Balance[1]	Balance[1]	Fair Value[2]	FV reflecting change in interest rates		Balance[1]	Fair Value[2]	FV reflecting change in interest rates	
Fixed rate:	Fixed rate:			-50 bps	+50 bps	Fixed rate:		-50 bps	+50 bps
Private placement term loans - unsecured									
2031 Senior notes									
2031 Senior Notes									
Fannie Mae term loans									

1 Differs from carrying amount due to unamortized discounts and loan costs.

2 The change in fair value of our fixed rate debt was due primarily to the overall change in interest rates.

At March 31, 2024 June 30, 2024, the fair value of our mortgage and other notes receivable, discounted for estimated changes in the risk-free rate, was approximately $250.0 million $231.4 million. A 50 basis-point increase in market rates would decrease the estimated fair value of our mortgage and other loans notes by approximately $2.7 million $2.8 million, while a 50 bps decrease in such rates would increase their estimated fair value by approximately $2.6 million $2.4 million.

Inflation Risk

Our real estate leases generally provide for annual increases in contractual rent due based on a fixed amount or percentage or based on increases in the CPI. Leases with increases based on CPI may contain a minimum increase or a cap on the maximum annual increase. Substantially all of our leases require the tenant to pay all operating expenses for the property, whether paid directly by the tenant or reimbursed to us. We believe that inflationary increases will be at least partially offset by the contractual rent increases and expense reimbursements described above.

Item 4. Controls and Procedures.

Evaluation of Disclosure Control and Procedures. As of March 31, 2024 June 30, 2024, an evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), of the effectiveness of NHI's disclosure controls and procedures (as defined in rules 13a-15(e) and 15d-15(e) under the Exchange Act) to ensure information required to be disclosed in our filings is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms; and (ii) accumulated and communicated to our management, including our CEO and our CFO, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving desired control objectives, and management is necessarily required to apply its judgment when evaluating the cost-benefit relationship of potential controls and procedures. Based upon the evaluation, the CEO and CFO concluded that the design and operation of these disclosure controls and procedures were effective as of March 31, 2024 June 30, 2024.

There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Changes in Internal Control over Financial Reporting. There were no changes in our internal control over financial reporting identified in management's evaluation during the three months ended March 31, 2024 June 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Our healthcare facilities are subject to claims and suits in the ordinary course of business. Such claims may include, among other things professional liability and general liability claims, as well as regulatory proceedings related to our SHOP segment. Our lessees managers, tenants and borrowers have indemnified, and are obligated to continue to indemnify, us against all liabilities arising from the operation of the facilities, and are further obligated to indemnify us against environmental or title problems affecting the real estate underlying such facilities. While there may be lawsuits pending against us and certain of the owners and/or lessees of our facilities, management believes that the ultimate resolution of all such pending proceedings will have no direct material adverse effect on our financial condition, results of operations or cash flows.

Item 1A. Risk Factors.

There have been no material changes from the risk factors previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On February 16, 2024, our Board of Directors authorized the Repurchase Plan pursuant to which we may purchase up to 160,000,000 $160.0 million in shares of our issued and outstanding common stock. The Repurchase Plan is effective for a period of one year and does not require us to repurchase any specific number of shares. The Repurchase Plan may be suspended or discontinued at any time. Shares may be repurchased from time-to-time in open market transactions at prevailing market prices, in privately negotiated transactions or by other means in accordance with the terms of Rule 10b-18 of the Exchange Act and repurchases shall be made in accordance with all applicable laws and regulations in effect. The timing and number of shares repurchased, if any, will depend on a variety of factors, including price, general market and economic conditions, alternative investment opportunities and other corporate considerations. During the three and six months ended June 30, 2024, no common stock was repurchased under the Repurchase Plan.

During the three months ended March 31, 2024 June 30, 2024, no we acquired shares of our common stock was repurchased. held by employees who tendered shares to satisfy tax withholding obligations upon the vesting of previously issued restricted stock awards. Specifically, the number of shares of common stock acquired from employees and the average prices paid per share for each month in the three months ended June 30, 2024 are shown in the table below.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan (*$ in thousands*)
April 1, 2024-April 30, 2024	—	$ —	—	$ 160,000
May 1, 2024- May 31, 2024	230	64.72	—	160,000
June 1, 2024- June 30, 2024	—	—	—	160,000
Total	230	$ 64.72	—	160,000

Item 5. Other Information.

None of the Company’s directors or officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company’s fiscal quarter ended March 31, 2024 June 30, 2024.

Item 6. Exhibits.

Exhibit No.	Description
3.1	Articles of Incorporation of National Health Investors, Inc. (incorporated by reference to Exhibit 3.1 to Form S-3 Registration Statement No. 333-192322)
3.2	Articles of Amendment to Articles of Incorporation of National Health Investors, Inc. dated as of June 8, 1994, (incorporated by reference to Exhibit 3.2 to the Registration Statement on Form S-3 Registration Statement No. 333-194653 of National Health Investors, Inc.)
3.3	Amendment to Articles of Incorporation (incorporated by reference to Exhibit A to the Company's Definitive Proxy Statement filed March 23, 2009)
3.4	Amendment to Articles of Incorporation approved by shareholders stockholders on May 2, 2014 (incorporated by reference to Exhibit 3.3 to the Company's Form 10-Q filed August 4, 2014)
3.5	Amendment to Articles of Incorporation approved by shareholders stockholders on May 6, 2020 (incorporated by reference to Exhibit 3.6 to the Company's Form 10-Q filed August 10, 2020)
3.6	Amended and Restated Bylaws as approved February 17, 2023, as amended April 27, 2023 (incorporated by reference to Exhibit 3.5 to the Company's Form 10-Q filed May 9, 2023)
*10.1	Change in Control Severance Agreement, dated February 26, 2024, by and between National Health Investors, Inc. and D. Eric Mendelsohn (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed February 26, 2024).
*10.2	Change in Control Severance Agreement, dated February 26, 2024, by and between National Health Investors, Inc. and Kristin S. Gaines (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed February 26, 2024).
*10.3	Change in Control Severance Agreement, dated February 26, 2024, by and between National Health Investors, Inc. and Kevin C. Pascoe (incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed February 26, 2024).
*10.4	Change in Control Severance Agreement, dated February 26, 2024, by and between National Health Investors, Inc. and John L. Spaid (incorporated by reference to Exhibit 10.4 to the Company's Form 8-K filed February 26, 2024).
*10.5	Change in Control Severance Agreement, dated February 26, 2024, by and between National Health Investors, Inc. and David L. Travis (incorporated by reference to Exhibit 10.5 to the Company's Form 8-K filed February 26, 2024).
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of Principal Financial Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32	Certification of Chief Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*Indicates management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NATIONAL HEALTH INVESTORS, INC.

(Registrant)

Date:	May August 6, 2024	/s/ D. Eric Mendelsohn
		D. Eric Mendelsohn
		President, Chief Executive Officer and Director
		(duly authorized officer)
Date:	May August 6, 2024	/s/ John L. Spaid
		John L. Spaid
		Chief Financial Officer
		(Principal Financial Officer)

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Exhibit 31.1
CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, D. Eric Mendelsohn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant, National Health Investors, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions) :

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May August 6, 2024

/s/ D. Eric Mendelsohn

D. Eric Mendelsohn
President, Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2
CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John L. Spaid, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant, National Health Investors, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions) :

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May August 6, 2024

/s/ John L. Spaid

John L. Spaid
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned hereby certify, pursuant to 18 U.S.C. Section 1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002, that, to the undersigned's best knowledge and belief, the quarterly report on Form 10-Q for National Health Investors, Inc. ("Issuer") for the quarter ended March 31, 2024 June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"):

(a) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date:	May August 6, 2024	/s/ D. Eric Mendelsohn
		D. Eric Mendelsohn
		President, Chief Executive Officer and Director
		(Principal Executive Officer)

Date:	May August 6, 2024	/s/ John L. Spaid
		John L. Spaid
		Chief Financial Officer
		(Principal Financial Officer)

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