REFINITIV

DELTA REPORT

10-Q

NHI - NATIONAL HEALTH INVESTORS

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1503
CHANGES	318
DELETIONS	643
ADDITIONS	542

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 September 30, 2023 March 31, 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 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 43,409,841 43,424,841 shares of common stock outstanding of the registrant as of November 1, 2023 May 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	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
	(unaudited)	*(unaudited)*			
Assets:					
Assets:					
Assets:	Assets:				
Real estate properties:	Real estate properties:				
Real estate properties:					
Real estate properties:					
Land					
Land					
Land	Land	$ 180,749	$ 177,527		
Buildings and improvements	Buildings and improvements	2,588,823	2,549,019		
Construction in progress	Construction in progress	7,019	3,352		
		2,776,591	2,729,898		
	2,783,370				
Less accumulated depreciation	Less accumulated depreciation	(656,155)	(611,688)		
Real estate properties, net	Real estate properties, net	2,120,436	2,118,210		
Mortgage and other notes receivable, net of reserve of $15,808 and $15,338, respectively		242,960	233,141		

Mortgage and other notes receivable, net of reserve of $15,475 and $15,476, respectively			
Cash and cash equivalents	Cash and cash equivalents	16,579	19,291
Straight-line rent receivable	Straight-line rent receivable	83,549	76,895
Assets held for sale, net	Assets held for sale, net	10,875	43,302
Other assets, net	Other assets, net	24,691	16,585
Total Assets		$2,499,090	$2,507,424
Total Assets(a)			
Liabilities and Stockholders' Equity:	Liabilities and Stockholders' Equity:		
Liabilities and Stockholders' Equity:			
Liabilities and Stockholders' Equity:			
Debt			
Debt			
Debt	Debt	$1,144,438	$1,147,511
Accounts payable and accrued expenses	Accounts payable and accrued expenses	29,326	25,905
Dividends payable	Dividends payable	39,069	39,050
Deferred income	Deferred income	5,432	5,052
Total Liabilities		1,218,265	1,217,518
Deferred income			
Deferred income			
Total Liabilities(a)			
Commitments and contingencies			
Commitments and contingencies			
Commitments and contingencies	Commitments and contingencies		
Redeemable noncontrolling interest	Redeemable noncontrolling interest	9,922	9,825
Redeemable noncontrolling interest			
Redeemable noncontrolling interest			
National Health Investors, Inc. Stockholders' Equity:	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;		
43,409,841 and 43,388,742 shares issued and outstanding, respectively		434	434
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			
Capital in excess of par value	Capital in excess of par value	1,602,892	1,599,427
Retained earnings	Retained earnings	2,434,799	2,331,190
Cumulative dividends	Cumulative dividends	(2,778,014)	(2,660,826)
Total National Health Investors, Inc. Stockholders' Equity	Total National Health Investors, Inc. Stockholders' Equity	1,260,111	1,270,225
Total National Health Investors, Inc. Stockholders' Equity			
Total National Health Investors, Inc. Stockholders' Equity			
Noncontrolling interests	Noncontrolling interests	10,792	9,856
Total Equity	Total Equity	1,270,903	1,280,081
Total Liabilities and Equity	Total Liabilities and Equity	$2,499,090	$2,507,424

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

and $4.7 million of Accounts payable and accrued expenses, in each case as of March 31, 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, 2022 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
	Three Months Ended
	March 31,
	March 31,
	March 31,
2024	
2024	
2024	
(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:	
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
Gains on sales of real estate, net	
Gains on sales of real estate, net	
Gains on sales of real estate, net	

	Three Months Ended September 30,	Nine Months Ended September 30,
Gains from equity method investment		

		2023	2022	2023	2022
		(unaudited)		*(unaudited)*	
Revenues:					
Rental income		$ 62,255	$ 59,394	$ 188,505	$ 163,935
Resident fees and services		12,367	12,013	35,860	24,005
Interest income and other		5,484	4,891	16,005	19,584
		80,106	76,298	240,370	207,524
Expenses:					
Depreciation		17,515	17,533	52,862	53,577
Interest		15,086	11,412	43,308	32,472
Senior housing operating expenses		10,045	9,239	29,525	18,352
Legal		67	88	364	2,254
Franchise, excise and other taxes		2	225	443	694
General and administrative		4,430	4,744	14,390	17,893
Taxes and insurance on leased properties		2,908	2,358	8,738	7,553
Loan and realty losses		1,959	11,329	1,727	39,951
Gains from equity method investment					
		52,012	56,928	151,357	172,746
Gains on sales of real estate, net		737	14,840	13,500	28,342
Gain (loss) on operations transfer, net		—	19	20	(710)
Gain on note receivable payoff		—	—	—	1,113
Loss on early retirement of debt		—	—	(73)	(151)
Gains from equity method investment	Gains from equity method investment	—	—	—	569
Other non-operating income		202	—	202	—
Net income					
Net income					
Net income	Net income	29,033	34,229	102,662	63,941
Add: net loss attributable to noncontrolling interests	Add: net loss attributable to noncontrolling interests	313	239	946	599
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	Net income attributable to stockholders	29,346	34,468	103,608	64,540
Less: net income attributable to unvested restricted stock awards	Less: net income attributable to unvested restricted stock awards	(19)	—	(38)	—
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	Net income attributable to common stockholders	$ 29,327	$ 34,468	$ 103,570	$ 64,540
Weighted average common shares outstanding:	Weighted average common shares outstanding:				
Weighted average common shares outstanding:					
Weighted average common shares outstanding:					
Basic	Basic	43,388,841	44,339,975	43,388,779	45,236,696
Basic					
Basic					
Diluted					
Diluted					
Diluted	Diluted	43,388,841	44,402,582	43,389,675	45,261,123
Earnings per common share - basic	Earnings per common share - basic	$ 0.68	$ 0.78	$ 2.39	$ 1.43
Earnings per common share - basic					
Earnings per common share - basic					
Earnings per common share - diluted	Earnings per common share - diluted	$ 0.68	$ 0.78	$ 2.39	$ 1.43
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)

	Nine Months Ended September 30,	
	2023	***2022***
	(unaudited)	
Cash flows from operating activities:		
Net income	*$ 102,662*	*$ 63,941*
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	*52,862*	*53,577*
Amortization of debt issuance costs, debt discounts and prepaids	*3,392*	*3,216*
Amortization of commitment fees and note receivable discounts	*(323)*	*(802)*
Amortization of lease incentives	*1,798*	*7,477*
Straight-line rent adjustments	*(6,011)*	*11,360*
Non-cash rental income	*(2,500)*	*—*
Non-cash interest income on mortgage and other notes receivable	*(1,302)*	*(3,256)*
Non-cash lease deposit liability recognized as rental income	*—*	*(8,838)*
Gains on sales of real estate, net	*(13,500)*	*(28,342)*
Gain on note receivable payoff	*—*	*(1,113)*
Gains from equity method investment	*—*	*(569)*
Loss on operations transfer, net	*—*	*710*
Loss on early retirement of debt	*73*	*151*

Loan and realty losses	*1,727*	*39,951*
Payment of lease incentive	*(10,000)*	*—*
Non-cash share-based compensation	*3,740*	*7,576*
Changes in operating assets and liabilities:		
Other assets	*(2,426)*	*(4,213)*
Accounts payable and accrued expenses	*1,317*	*(2,555)*
Deferred income	*(262)*	*712*
Net cash provided by operating activities	*131,247*	*138,983*
Cash flows from investing activities:		
Investments in mortgage and other notes receivable	*(33,104)*	*(30,820)*
Collections of mortgage and other notes receivable	*11,231*	*117,973*
Acquisitions of real estate	*(38,081)*	*(4,876)*
Proceeds from sales of real estate	*51,542*	*168,957*
Investments in existing real estate	*(5,475)*	*(4,132)*
Investments in equipment	*(2,579)*	*(528)*
Distributions from equity method investment	*2,500*	*569*
Net cash (used in) provided by investing activities	*(13,966)*	*247,143*
Cash flows from financing activities:		
Proceeds from revolving credit facility	*283,000*	*165,000*
Payments on revolving credit facility	*(120,000)*	*(155,000)*
Borrowings on term loan	*200,000*	*—*
Payments on term loans	*(365,304)*	*(135,290)*
Debt issuance costs	*(2,747)*	*(4,607)*
Equity issuance costs	*—*	*(21)*
Distributions to noncontrolling interests	*(1,004)*	*(757)*
Dividends paid to stockholders	*(117,169)*	*(122,721)*
Taxes remitted on employee stock awards	*—*	*(288)*
Proceeds from noncontrolling interest	*2,922*	*11,738*
Payments to repurchase shares of common stock	*—*	*(151,951)*
Net cash used in financing activities	*(120,302)*	*(393,897)*
Decrease in cash and cash equivalents and restricted cash	*(3,021)*	*(7,771)*
Cash and cash equivalents and restricted cash, beginning of period	*21,516*	*39,485*
Cash and cash equivalents and restricted cash, end of period	*$ 18,495*	*$ 31,714*

	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.

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

	Nine Months Ended September 30,	
	2023	**2022**
	(unaudited)	
Supplemental disclosure of cash flow information:		
Interest paid, net of amounts capitalized	$ 41,222	$ 33,927
Supplemental disclosure of non-cash investing and financing activities:		
Real estate acquired in exchange for mortgage notes receivable	$ 14,200	$ 9,071
Increase in notes receivable from sales of real estate	$ 699	$ —
Change in other assets related to sales of real estate	$ —	$ 102
Change in accounts payable related to investments in real estate construction	$ 80	$ —
Change in accounts payable related to renovations of existing real estate	$ —	$ 208
Change in accounts payable related to distributions to noncontrolling interests	$ (61)	$ 6
Change in accounts payable related to equity issuance cost	$ —	$ 64
Reclassification of prepaid equity issuance costs to capital in excess of par value	$ 275	$ —
Operating equipment received in transfer of operations	$ —	$ 1,287
Increase in accounts payable related to transfer of operations	$ —	$ 300

	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

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		Capital in Excess of Par Value	Retained Earnings	Cumulative Dividends	Total National Health Investors, Inc. 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 interest capital contribution	—	—	—	—	—	—	2,000	2,000
Distributions declared to noncontrolling interests	—	—	—	—	—	—	(563)	(563)
Net income, excluding a loss of $575, attributable to redeemable noncontrolling interests	—	—	—	74,263	—	74,263	(58)	74,205
Grants of restricted stock	21,000	—	—	—	—	—	—	—
Equity issuance costs	—	—	(275)	—	—	(275)	—	(275)
Shares issued on stock options exercised	99	—	—	—	—	—	—	—
Share-based compensation	—	—	2,874	—	—	2,874	—	2,874
Dividends declared, $1.80 per common share	—	—	—	—	(78,119)	(78,119)	—	(78,119)
Activity for the six months ended June 30, 2023	21,099	—	2,599	74,263	(78,119)	(1,257)	1,379	122
Distributions declared to noncontrolling interests	—	—	—	—	—	—	(380)	(380)
Net income, excluding a loss of $250, attributable to redeemable noncontrolling interests	—	—	—	29,346	—	29,346	(63)	29,283
Share-based compensation	—	—	866	—	—	866	—	866
Dividends declared, $0.90 per common share	—	—	—	—	(39,069)	(39,069)	—	(39,069)
Activity for the three months ended September 30, 2023	—	—	866	29,346	(39,069)	(8,857)	(443)	(9,300)
Balances at September 30, 2023	43,409,841	$ 434	$ 1,602,892	$ 2,434,799	$ (2,778,014)	$ 1,260,111	$ 10,792	$ 1,270,903

	Common Stock		Capital in Excess of Par Value	Retained Earnings	Cumulative Dividends	Total National Health Investors, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Amount						
Balances at December 31, 2023	43,409,841	$ 434	$ 1,603,757	$ 2,466,844	$ (2,817,083)	$ 1,253,952	$ 10,439	$ 1,264,391
Distributions declared to noncontrolling interests, excluding $6 attributable to redeemable noncontrolling interest	—	—	—	—	—	—	(205)	(205)
Net income, excluding a loss of $225, attributable to redeemable noncontrolling interest	—	—	—	30,947	—	30,947	(65)	30,882
Grants of restricted stock	15,000	—	—	—	—	—	—	—
Share-based compensation	—	—	2,155	—	—	2,155	—	2,155
Dividends declared, $0.90 per common share	—	—	—	—	(39,082)	(39,082)	—	(39,082)

	Shares		Amount		Capital in Excess of Par Value		Retained Earnings		Cumulative Dividends		Total National Health Investors Stockholders' Equity		Noncontrolling Interests		Total Equity
Balances at March 31, 2024	43,424,841	$	434	$	1,605,912	$	2,497,791	$	(2,856,165)	$	1,247,972	$	10,169	$	1,258,141

	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)
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

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		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, 2021	45,850,599	$ 459	$ 1,591,182	$ 2,416,713	$ (2,501,271)	$ 1,507,083	$ 9,900	$ 1,516,983
Distributions declared to noncontrolling interests, excluding $24 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	(486)	(486)
Total comprehensive income, excluding a loss of $227 attributable to redeemable noncontrolling interests	—	—	—	30,072	—	30,072	(133)	29,939
Taxes remitted on employee stock awards	—	—	(14)	—	—	(14)	—	(14)
Shares issued on stock options exercised	732	—	—	—	—	—	—	—
Repurchases of common stock	(1,196,175)	(12)	—	(69,965)	—	(69,977)	—	(69,977)
Share-based compensation	—	—	6,511	—	—	6,511	—	6,511
Dividends declared, $1.80 per common share	—	—	—	—	(81,455)	(81,455)	—	(81,455)
Activity for the six months ended June 30, 2022	(1,195,443)	(12)	6,497	(39,893)	(81,455)	(114,863)	(619)	(115,482)
Distributions declared to noncontrolling interests, excluding $12 attributable to redeemable noncontrolling interests	—	—	—	—	—	—	(241)	(241)
Net income, excluding a loss of $278 attributable to redeemable noncontrolling interests	—	—	—	34,468	—	34,468	38	34,506
Equity issuance cost	—	—	(85)	—	—	(85)	—	(85)
Taxes remitted on employee stock awards	—	—	(274)	—	—	(274)	—	(274)
Shares issued on stock options exercised	5,765	—	—	—	—	—	—	—
Repurchases of common stock	(1,272,179)	(13)	—	(81,961)	—	(81,974)	—	(81,974)
Share-based compensation	—	—	1,065	—	—	1,065	—	1,065
Dividends declared, $0.90 per common share	—	—	—	—	(39,050)	(39,050)	—	(39,050)
Activity for the three months ended September 30, 2022	(1,266,414)	(13)	706	(47,493)	(39,050)	(85,850)	(203)	(86,053)
Balances at September 30, 2022	43,388,742	$ 434	$ 1,598,385	$ 2,329,327	$ (2,621,776)	$ 1,306,370	$ 9,078	$ 1,315,448

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
September 30, 2023 March 31, 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, mortgages and mortgage and other notes receivable receivables in independent living facilities ("ILF"), assisted living facilities ("ALF"), entrance-fee communities ("EFC"), senior living campuses ("SLC"), skilled nursing facilities ("SNF") and a hospital ("HOSP"). As of September 30, 2023 March 31, 2024, we had gross investments of approximately $2.4 billion in 163 health care healthcare real estate properties located in 31 states and leased pursuant primarily to triple-net leases to 25 tenants consisting of 97 senior housing communities, 65 SNFs and one HOSP, excluding four properties one property classified as assets an asset held for sale. Our portfolio of 14 nine mortgages along along with other notes receivable totaled $258.8 million $274.3 million, excluding an allowance for expected credit losses of $15.8 million $15.5 million, as of September 30, 2023 March 31, 2024.

Our SHOP segment is comprised of two ventures that own the operations of ILFs. As For this segment, as of September 30, 2023 March 31, 2024, we had gross investments of approximately $344.4 million $348.7 million in 15 properties ILFs located in eight states with a combined 1,734 1,732 units located in eight states that are operated on behalf of the Company by independent managers pursuant to the terms of separate management agreements that commenced April 1, 2022. 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, 2022 December 31, 2023, included in our Annual Report on Form 10-K for the year ended December 31, 2022 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.

Effective April 1, 2022 and at September 30, 2023, our 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. The assets of the 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 $260.1 million of real estate properties, net, $6.0 million of cash and cash equivalents, $2.0 million of prepaid expenses and other, and $0.6 million of accounts receivable, net. Liabilities of the consolidated SHOP ventures for which creditors do not have recourse to the general credit of the Company are $5.0 million. Reference Notes 5 and 10 16 for further discussion of these our SHOP ventures.

We also consolidate two real estate partnerships partnerships formed with our partners, Discovery Senior Housing Investor XXIV, LLC, a related party of Discovery beginning in June 2019, and LCS Timber Ridge LLC ("LCS"), beginning in January 2020, 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. The aggregate assets Reference Note 16 for further discussion of these consolidated real estate partnerships that can be used only to settle obligations of each respective partnership include approximately $254.5 million of real estate properties, net, $9.7 million in straight-line rents receivable, $8.5 million of other assets, net, and $2.6 million of cash and cash equivalents. Liabilities of these partnerships for which creditors do not have recourse to the general credit of the Company are not material. partnerships.

We use the equity method of accounting when we own an interest in an entity whereby over which we can exert significant influence over 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 structured our Timber Ridge OpCo, LLC ("Timber Ridge OpCo") investment to be compliant with the provisions of the REIT Investment Diversification Empowerment Act of 2007 which permits us to receive rent payments through a triple-net lease between a property company and an operating company and allows us to receive distributions from the operating company to a taxable REIT subsidiary ("TRS"). Our TRS holds our equity interests in unconsolidated operating companies thus providing an organizational structure that allows the TRS to engage in a broad range of activities and share in revenues that are otherwise non-qualifying income under the REIT gross income tests.

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. Accordingly, we account for our transactions with these entities and their subsidiaries at either amortized cost or net realizable value for straight-line rents receivable, excluding our investments accounted for under the equity method. 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 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 September 30, 2023 March 31, 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 September 30, 2023 March 31, 2024.

Cash and Cash Equivalents and Restricted Cash

Cash equivalents consist of all highly liquid investments with an original maturity 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*):

		September 30, 2023	September 30, 2022		
	March 31, 2024			March 31, 2024	March 31, 2023
Beginning of period:	Beginning of period:				
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents	Cash and cash equivalents	$ 19,291	$ 37,412		
Restricted cash (included in Other assets, net)	Restricted cash (included in Other assets, net)	2,225	2,073		

Cash, cash equivalents, and restricted cash	Cash, cash equivalents, and restricted cash	$ 21,516	$ 39,485
End of period:	End of period:		
Cash and cash equivalents	Cash and cash equivalents	$ 16,579	$ 28,811
Cash and cash equivalents			
Cash and cash equivalents			
Restricted cash (included in Other assets, net)	Restricted cash (included in Other assets, net)	1,916	2,903
Cash, cash equivalents, and restricted cash	Cash, cash equivalents, and restricted cash	$ 18,495	$ 31,714

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 mortgages mortgage and other notes receivable consist primarily of secured loans on facilities.

Our financial instruments, principally our investments in 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 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.

Assets Held for Sale

We consider properties to be assets held for sale when (1) management commits to a plan to sell the property; (2) it is unlikely that the disposal plan will be significantly modified or discontinued; (3) the property is available for immediate sale in its present condition; (4) actions required to complete the sale of the property have been initiated; (5) sale of the property is probable and we anticipate the completed sale will occur within one year; and (6) the property is actively being marketed for sale at a price that is reasonable given our estimate of current market value. Upon designation of a property as an asset held for sale, we record the property's value at the lower of its carrying value or its estimated fair value, less estimated transaction costs. Depreciation and amortization of the property are discontinued. If a property subsequently no longer meets the criteria to be classified as held for sale, it is reclassified as held and used and measured at the lower of i) its original carrying amount before the asset was classified as held for sale, adjusted for any depreciation expense not recognized while it was classified as held for sale, and ii) its fair value.

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.

During the three and nine months ended September 30, 2023, we recognized impairment charges of approximately $1.2 million and $1.6 million, respectively, included in "Loan and realty losses" in our Condensed Consolidated Statements of Income. Reference Note 3 for more discussion.

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 collectible 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 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.

As of September 30, 2023, we had three tenants, including Bickford Senior Living ("Bickford"), on the cash basis of revenue recognition for their lease arrangements. 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 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 September 30, 2023 March 31, 2024, we have had two mortgage note receivables notes receivable and a mezzanine loan totaling an aggregate of $26.6 million with $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. 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 TRSs. 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 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.

Reclassifications Recent Accounting Pronouncements

In prior years, 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 presented "*Cumulative dividends in excess for the year ending*

December 31, 2024. We are currently evaluating the impact of net income" as a single line item this standard on the Condensed Consolidated Balance Sheets our consolidated financial statements and the Condensed Consolidated Statements of Equity. Beginning January 1, 2023, the Company separated this line item into two components, "*Retained earnings*" and "*Cumulative dividends*," and reclassified prior year information to conform to the current period presentation.related disclosures.

Note 3. Investment Activity

Asset Acquisitions Tenant Concentration

Since January 1, 2023, we have completed 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 for the following three months ended March 31, 2024 and 2023, excluding $2.6 million for our corporate office, a credit loss reserve of $15.5 million and $348.7 million in real estate investments assets in the SHOP segment (*$ in thousands*):

Operator	Date	Properties	Asset Class	Land	Building and Improvements	Total
Silverado Senior Living	Q1 2023	2	ALF	$ 3,894	$ 33,599	$ 37,493
Bickford	Q1 2023	1	ALF	1,746	15,542	17,288
				$ 5,640	$ 49,141	$ 54,781

	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	

[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.

In February 2023, At March 31, 2024, the two states in which we acquired two memory care had an investment concentration of 10% or more were South Carolina (12.1%) and Texas (10.7%).

Senior Living

As of March 31, 2024, we leased ten retirement communities operated by Silverado to Senior Living. We recognized straight-line rent revenue of $(0.7) million and $(0.3) million from Senior Living for approximately $37.5 million the three months ended March 31, 2024 and 2023, respectively.

NHC

As of March 31, 2024, we leased three ILFs and 32 SNFs to NHC, a publicly held company, under a master lease (four of which are subleased to other parties for whom the lease payments are guaranteed to us by NHC). The newly developed properties opened in 2022 Straight-line rental revenue of $0.1 million and include a 60-unit community in Summerlin, Nevada $(0.3) million was recognized from NHC for the three months ended March 31, 2024 and a 60-unit community in Frederick, Maryland. They are leased pursuant to 20-year leases with a first-year lease rate of 7.5% and annual escalators of 2.0%. 2023, respectively.

In February 2023, we also acquired a 64-unit ALF in Chesapeake, Virginia from Bickford. The acquisition price was $17.3 million, including NHC Percentage Rent - Under the satisfaction terms of an outstanding construction note receivable of $14.2 million including interest, cash consideration of $0.5 million and approximately $0.1 million in closing costs. The acquisition price also included a reduction of $2.5 million in Bickford's outstanding pandemic-related rent deferrals that has been recognized in "*Rental income*" during the nine months ended September 30, 2023. We added the community to an existing our master lease agreement with Bickford at an initial rate NHC, rent escalates by 4% of 8.0%.

Asset Dispositions

During the nine months ended September 30, 2023, we completed increase, if any, in each of the facility's revenue over a base year and is referred to as "percentage rent." The following dispositions of real estate properties within our Real Estate Investments portfolio as described below table summarizes the percentage rent income from NHC (*$ in thousands*):

Operator	Date	Properties	Asset Class	Net Proceeds	Net Real Estate Investment	Gain	Impairment[2]
BAKA Enterprises, LLC[1,3]	Q1 2023	1	ALF	$ 7,478	$ 7,505	$ —	$ (27)
Bickford[1]	Q1 2023	1	ALF	2,553	1,421	1,132	—
Chancellor Senior Living[1,3]	Q2 2023	1	ALF	2,355	1,977	378	—
Milestone Retirement[1,3,4]	Q2 2023	2	ALF	3,803	3,934	—	(131)
Chancellor Senior Living[1,3]	Q2 2023	1	ALF	7,633	6,140	1,493	—
Milestone Retirement[1,3,4]	Q2 2023	1	ALF	1,602	1,452	150	—
Chancellor Senior Living	Q2 2023	1	ALF	23,724	14,476	9,248	—
Chancellor Senior Living[1,3]	Q3 2023	1	ALF	2,923	2,292	631	—
				$ 52,071	$ 39,197	$ 13,032	$ (158)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Current year	$ 1,379	$ 965
Prior year final certification[1]	1,656	630
Total percentage rent income	$ 3,035	$ 1,595

[1] Assets were previously classified as "*Assets held for sale*" For purposes of the percentage rent calculation described in the Consolidated Balance Sheet at December 31, 2022. master lease agreement, NHC's annual revenue by facility for a given year is certified to NHI by March 31st of the following year.

[2] Impairments

Two of the members of our Board of Directors, including our chairman, are included in "*Loan and realty losses*" in also members of NHC's board of directors.

Bickford

As of March 31, 2024, we leased 39 facilities to Bickford under four leases. During 2022, we converted Bickford to the Condensed Consolidated Statements cash basis of Income for the three and nine months ended September 30, 2023. 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.

[3] Total impairment charges previously recognized on these properties were $16.4 million in the aggregate.

[4] The Company provided aggregate financing During the three months ended March 31, 2024, Bickford repaid $1.5 million of approximately $0.7 million its outstanding pandemic-related deferrals. During the three months ended March 31, 2023, net Bickford repaid $0.2 million of discounts, on these transactions its outstanding pandemic-related deferrals in addition to the form reduction in deferrals of notes receivable.$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, Bickford's outstanding pandemic-related rent deferrals were $16.5 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 Long-Lived Assets

The following is a summary As of our assets held for sale (March 31, 2024 and $ in thousands December 31, 2023):

	As of September 30, 2023	As of December 31, 2022
Number of properties	4	13
Real estate, net	$10,875	$43,302

Rental income associated with assets held for sale at September 30, 2023 totaled $0.6 million and $1.9 million for the three and nine months ended September 30, 2023, respectively, and $0.6 million and $1.6 million for the three and nine months ended September 30, 2022, respectively. During the first quarter of 2023, one property in our Real

Estate Investments portfolio was classified as an asset held for sale with a net real estate balance of $5.0 million$5.0 million. Rental income associated with assets held for sale totaled $0.3 million and two properties, previously$0.5 million for the three months ended March 31, 2024 and 2023, respectively.

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 for sale with an aggregate 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 real estate balance investment of $12.3 million, were reclassified $19.6 million as held for use. of March 31, 2024.

During the three months ended September 30, 2023 March 31, 2023, we recorded impairment charges of approximately $1.2 million for one property $0.3 million on three properties in our Real Estate Investments segment. During the nine months ended September 30, 2023, we recorded impairment charges of approximately $1.6 million for four properties in our Real Estate Investments segment, of which $0.5 million related to three properties either sold or classified as assets held for sale. The impairment charges are included in "*Loan and realty losses (gains)*" in the Condensed Consolidated Statements Statement of Income. Income for the three months ended March 31, 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).

Fourth Quarter 2023 Dispositions

During the fourth quarter of 2023, we sold three ALFs located in Florida for combined consideration of approximately $5.4 million in cash, net of transaction costs plus $1.6 million of seller financing in connection with one of the transactions. The properties were classified in assets held for sale on the Condensed Consolidated Balance Sheet as of September 30, 2023, with an aggregate book value of $5.9 million. Prior impairment charges recognized on the properties totaled $1.3 million.

Tenant Concentration Cash Basis Operators

The following table contains information regarding concentration in We have three tenants on the cash basis of accounting for their leasing arrangements based on our Real Estate Investments portfolio assessment of tenants or affiliates of tenants, that exceed 10% of total revenues each tenant's ability to satisfy its contractual obligations. Cash rents received for the nine three months ended September 30, 2023 March 31, 2024 and 2022, excluding $2.6 million for our corporate office, a credit loss reserve of $15.8 million and $344.4 million in real estate assets in the SHOP segment 2023 were as follows (*$ in thousands*):

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

	as of September 30, 2023			Revenues[1]			
	Asset Class	Gross Real Estate	Notes Receivable	Nine Months Ended September 30, 2023		2022	
Senior Living Communities, LLC ("Senior Living")	EFC	$ 573,631	$ 48,950	$ 38,466	16%	$ 38,325	18%
Bickford[2]	ALF	429,043	16,827	29,280	12%	N/A	N/A
National HealthCare Corporation ("NHC")	SNF	133,770	—	28,159	12%	27,875	13%
All others, net	Various	1,293,210	192,991	99,867	41%	109,766	53%
Escrow funds received from tenants for property operating expenses	Various	—	—	8,738	4%	7,553	4%
		$ 2,429,654	$ 258,768	204,510		183,519	
Resident fees and services[3]				35,860	15%	24,005	12%
				$ 240,370		$ 207,524	

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

2 Revenues for the nine months ended September 30, 2022 are included in "All others, net" since they are less than 10% for that period.

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

At September 30, 2023, the two states in which we had an investment concentration of 10% or more were South Carolina (12.1%) and Texas (10.7%).

Senior Living

As of September 30, 2023, we leased ten retirement communities to Senior Living. We recognized straight-line rent of $(0.9) million and $0.3 million from Senior Living for the nine months ended September 30, 2023 and 2022, respectively.

NHC

As of September 30, 2023, we leased three ILFs and 32 SNFs to NHC, a publicly held company, under a master lease (four of which are subleased to other parties for whom the lease payments are guaranteed to us by NHC). Straight-line rent of $(0.9) million and $(0.1) million was recognized for NHC for the nine months ended September 30, 2023 and 2022, respectively.

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

Bickford

As of September 30, 2023, we leased 39 facilities to Bickford under four leases. During the second quarter of 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. As a result, we wrote off approximately $18.1 million of straight-line rents receivable and $7.1 million of lease incentives, that were included in "*Other assets, net*" on the Condensed Consolidated Balance Sheet, to rental income in 2022.

During the three and nine months ended September 30, 2023, Bickford repaid $0.8 million and $1.3 million, respectively, of its outstanding pandemic-related deferrals in addition to the reduction in deferrals of $2.5 million recognized in connection with the acquisition of the ALF located in Chesapeake, Virginia from Bickford. As of September 30, 2023, Bickford's outstanding pandemic-related deferrals were $19.0 million.

Cash Basis Operators

Cash rent received from Bickford for the three and nine months ended September 30, 2023 was $8.6 million and $24.5 million, respectively, which excludes Excludes $2.5 million of rental income related to the reduction of pandemic-related rent deferrals recognized in connection with the acquisition of the an ALF from Bickford in 2023.

Tenant Transition

In the first quarter of 2024, we began negotiations with a tenant to transition its leased SNF located in Wisconsin to a new operator. We wrote off in the first quarter of 2023 2024 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 Chesapeake, Virginia (discussed above) 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

We placed two additional operators classified as held and used as of March 31, 2024 based on our assessment at that date of the cash basis of accounting for their leases during 2022. Rental income associated with these tenants totaled $3.4 million and $10.0 million for buyer's ability to obtain financing to complete the three and nine months ended September 30, 2023, respectively. purchase.

Tenant Purchase Options

Certain of our leases contain purchase options allowing tenants to acquire the leased properties by at a fixed base price plus a specified share in any appreciation or a fixed base price. At September 30, 2023 March 31, 2024, tenants had purchase options on three properties with an aggregate net investment of $58.8 million $58.0 million that will become exercisable between 2027 and 2028. Rental income from these properties with tenant purchase options was $1.8 million and $5.4 million for both the three and nine months ended September 30, 2023, respectively, March 31, 2024 and $1.8 million and $5.3 million for the three and nine months ended September 30, 2022, 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 September 30, 2023 March 31, 2024, are were as follows (*$ in thousands*):

Remainder of 2023		$	57,301
2024			237,531
Remainder of 2024			
2025	2025		241,391

2026	2026		246,792
2027	2027		201,627
2028	2028		195,138
2029			
Thereafter	Thereafter		679,952
		$	1,859,732
	$		

Variable Lease Payments

Most of our existing 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 September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31,			
		March 31,			
		March 31,			
		2024			
		2024			
		2024			
Lease payments based on fixed escalators					
Lease payments based on fixed escalators					
Lease payments based on fixed escalators	Lease payments based on fixed escalators	$ 57,200	$ 53,394	$ 169,675	$ 172,767
Lease payments based on variable escalators	Lease payments based on variable escalators	1,830	1,224	5,879	2,452
Lease payments based on variable escalators					
Lease payments based on variable escalators					
Straight-line rent, net of write-offs					
Straight-line rent, net of write-offs					
Straight-line rent, net of write-offs	Straight-line rent, net of write-offs	1,040	2,476	6,011	(11,360)
Escrow funds received from tenants for property operating expenses	Escrow funds received from tenants for property operating expenses	2,908	2,358	8,738	7,553
Amortization and write-off of lease incentives		(723)	(58)	(1,798)	(7,477)

Escrow funds received from tenants for property operating expenses								
Escrow funds received from tenants for property operating expenses								
Amortization of lease incentives								
Amortization of lease incentives								
Amortization of lease incentives								
Rental income	Rental income	$	62,255	$	59,394	$	188,505	$ 163,935
Rental income								
Rental income								

Note 4. Mortgage and Other Notes Receivable

At September 30, 2023 March 31, 2024, our investments in mortgage notes receivable totaled $159.4 million $177.4 million secured by real estate and other assets of the borrowers (e.g. (*e.g.*, Uniform Commercial Code liens on personal property) related to 14 17 facilities and in other notes receivable totaled $99.4 million $96.9 million, substantially all of which are 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 $15.8 million $15.5 million at September 30, 2023 March 31, 2024. Our loans designated as non-performing as of September 30, 2023 March 31, 2024 and December 31, 2022 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 with due from affiliates of one operator/borrower. This operator/borrower is also one of the tenants on the cash basis of accounting for its leases. During the third quarter of 2023, we designated as non-performing a mortgage note receivable of $2.1 million due from Bickford. Interest income recognized, representing cash received, from these non-performing loans was $0.5 million and $1.4 million, respectively $0.5

million for both the three and nine months ended September 30, 2023. Interest income recognized for the three March 31, 2024 and nine months ended September 30, 2022 was $0.5 million and $1.4 million, respectively. 2023. All other loans were on full accrual basis at September 30, 2023 and December 31, 2022 as of March 31, 2024.

Capital Funding Group, Inc. Loan Extension Carriage Crossing Senior Living Bloomington

On September 21, 2023 In February 2024, we funded $15.0 million on a mortgage note receivable with Carriage Crossing Senior Living Bloomington ("Carriage Crossing"), we amended a mezzanine loan with Capital Funding Group, Inc. Pursuant an additional $2.0 million available to be funded contingent upon the terms performance of the agreement, the loan increased from its balance at June 30, 2023 of $8.1 million to $25.0 million facility operations until March 31, 2027. The five year loan agreement has an annual interest rate on the loan was increased to 10% of 8.75% and the maturity was extended to December 31, 2028. 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. As of September 30, 2023 March 31, 2024, we have funded $20.3 million of our commitment that was used to acquire nine medical office buildings for a combined purchase price of approximately $86.7 million. For both the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, we recognized interest income of $0.5 million$0.5 million and $1.4 million,$0.4 million, respectively.

The mezzanine loan and security agreement was modified in April 2022, such that the two real estate investments funded in the second quarter of 2022 accrue interest at an annual rate of 7.5% that is paid monthly in arrears plus an additional annual rate of 4.5% to be paid upon certain future events including repayments, sales of fund investments, and refinancings (the "Deferred Interest"). Prior borrowings under the mezzanine loan and security agreement bear interest at an annual rate of 9.5% and accrue an additional 2.5% in Deferred Interest. The Deferred Interest will be recognized as interest income upon receipt. Funds drawn in accordance with this agreement are required to be repaid on a per-investment basis five years from deployment of the funds for the applicable investment, subject to two one-year extensions.

Bickford Construction and Mortgage Loans

As of September 30, 2023 March 31, 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. On certain development projects, Bickford is entitled to up to $2.0 million per project in incentives based on the achievement of predetermined operational milestones and, if funded, will increase NHI's future purchase price and eventual lease payments to NHI. operations.

At September 30, 2023 March 31, 2024, we hold held a $12.7 million $12.6 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 $1.0 million for both the three and nine months ended September 30, 2023, respectively March 31, 2024 and $0.3 million and $1.0 million for the three and nine months ended September 30, 2022, 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. During both the three and nine months ended September 30, 2023, March 31, 2024 and 2023, Bickford repaid $0.1 million and $0.3 million of principal respectively, on this note receivable which is reflected in "*Gains on sale of real estate, net*" in the Condensed Consolidated Statements of Income.

As noted previously, we designated a mortgage note receivable of $2.1 million due from Bickford as non-performing during the third quarter of 2023.

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 at the time of lease maturity. At September 30, 2023 March 31, 2024, the $16.3 million $15.5 million outstanding under the revolver bears 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 a term of five years with two one-year extensions and carries an interest 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, June 30, 2023 December 31, 2023, 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 September 30, 2023, March 31, 2024 is presented below for the amortized cost, net by year of origination (*$ in thousands*):

		2023	2022	2021	2020	2019	Prior	Total
	2024	2024	2023	2022	2021	2020	Prior	Total
Mortgages	Mortgages							
more than 1.5x								
more than 1.5x								
more than 1.5x	more than 1.5x	$ —	$68,463	$ —	$22,307	$ —	$2,641	$ 93,411
between 1.0x and 1.5x	between 1.0x and 1.5x	—	—	—	—	32,700	14,700	47,400
less than 1.0x	less than 1.0x	—	—	—	—	6,423	—	6,423
		—	68,463	—	22,307	39,123	17,341	147,234
		14,855						
		14,855						
		14,855						
Mezzanine	Mezzanine							
more than 1.5x								
more than 1.5x								
more than 1.5x	more than 1.5x	496	—	16,526	—	—	—	17,022
between 1.0x and 1.5x	between 1.0x and 1.5x	216	—	23,943	—	—	—	24,159

less than 1.0x	less than 1.0x	—	—	—	—	—	25,000	25,000
		712	—	40,469	—	—	25,000	66,181
		—						
		—						
		—						
Non-performing	Non-performing							
less than 1.0x		—	—	—	2,127	—	24,500	26,627
		—	—	—	2,127	—	24,500	26,627
Revolver								
between 1.0x and 1.5x	between 1.0x and 1.5x							18,726
between 1.0x and 1.5x								
								18,726
between 1.0x and 1.5x								
less than 1.0x								
	—							
Revolver								
more than 1.5x								
more than 1.5x								
more than 1.5x								
between 1.0x and 1.5x								
							Credit loss reserve	(15,808)
								$242,960
								18,226
								18,226
								18,226
						Credit loss reserve		
						$		

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.

The allowance for expected credit losses is presented in the following table for the nine three months ended September 30, 2023 March 31, 2024 (*$ in thousands*):

Beginning balance at January 1, 2023 January 1, 2024	$	15,338 15,476
Provision for expected credit losses		470 (1)
Balance at September 30, 2023 March 31, 2024	$	15,808 15,475

Note 5. Senior Housing Operating Portfolio Formation Activities Structure

Effective April 1, 2022 we transitioned Our SHOP segment is comprised of two ventures that own the operations of 15 ILFs previously leased pursuant to a triple-net lease into two new ILFs. These ventures comprising our SHOP activities. These new ventures, consolidated by the Company, 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 equity structure of these ventures is comprised of were capitalized with preferred and common equity interests. The interests with the Company owns owning 100% of the preferred equity interests and a controlling common equity interest in these ventures with an annual fixed preferred return of approximately $10.2 million as of September 30, 2023. Additionally, the each venture. The managers, or related parties of the managers, own a non-controlling common equity interests interest in their respective ventures. Each venture is discussed in more detail below.

Merrill Managed Portfolio

We transferred have six ILFs located in California and Washington into in a consolidated venture with Merrill. Merrill initially contributed $10.6 million in cash for its which owns a 20% common equity interest in the venture. In the second quarter of 2023, the members of this venture contributed an additional $4.6 million to fund additional capital expenditures, of which Merrill contributed $0.9 million in cash in accordance with its common equity interest percentage in the venture.. The operating agreement for the venture provides for contingent distributions to the members based on the attainment of certain yields 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. Given certain provisions of the operating agreement, including provisions related to a Company change in control, the The noncontrolling interest associated with the venture was determined to be contingently redeemable and is classified in mezzanine equity as of March 31, 2024 and December 31, 2023, as discussed further in Note 10.

Discovery Managed Portfolio

We transferred have nine ILFs located in Arkansas, Georgia, Ohio, Oklahoma, New Jersey, and South Carolina into in a consolidated venture with the Discovery member which owns a related party of Discovery. The Discovery member contributed $1.1 million in cash for its 2% common equity interest in the venture. In October 2023, the members contributed an additional $2.6 million to fund additional capital expenditures, which was funded in cash in accordance with each member's common equity interest percentage in the venture. The 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 noncontrolling interest associated with the venture is included in "*Equity*" on the Condensed Consolidated Balance Sheets as of September 30, 2023 March 31, 2024 and December 31, 2022 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% 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 September 30, 2023 March 31, 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 September 30, 2023 March 31, 2024. Excess unrecognized equity method losses for this investment for both the three and nine months ended September 30, 2023 March 31, 2024 and 2023 were $0.6 million and $1.9 million, respectively, and $0.9 million and $2.6 million for the three and nine months ended September 30, 2022, respectively. . Cumulative unrecognized losses for this investment were $7.8 million $9.9 million through September 30, 2023 March 31, 2024. We recognized gains of approximately $0.6 million, $0.2 million, representing cash distributions received related to our investment in Timber Ridge OpCo for the nine three months ended September 30, 2022 March 31, 2024.

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 agreement, agreements, during the term of the lease (seven years with two 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 September 30, 2023 March 31, 2024. The balance secured by the Deed and Indenture was $12.5 $11.8 million at September 30, 2023 March 31, 2024.

Note 7. Other Assets

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

	September 30, 2023	December 31, 2022
SHOP accounts receivable, net of allowance of $352 and $375, and other assets	$ 792	$ 1,341
Real estate investments accounts receivable and prepaid expenses	4,383	3,621
Lease incentive payments, net	11,392	3,190
Regulatory escrows	6,208	6,208
Restricted cash	1,916	2,225
	$ 24,691	$ 16,585

	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

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

		September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Revolving credit facility - unsecured	Revolving credit facility - unsecured	$ 205,000	$ 42,000		
Bank term loans - unsecured	Bank term loans - unsecured	200,000	240,000		
2031 Senior Notes - unsecured, net of discount of $2,358 and $2,600		397,642	397,400		
2031 Senior Notes - unsecured, net of discount of $2,198 and $2,278					

Private placement notes - unsecured	Private placement notes - unsecured	275,000	400,000
Fannie Mae term loans - secured, non-recourse	Fannie Mae term loans - secured, non-recourse	76,345	76,649
Unamortized loan costs	Unamortized loan costs	(9,549)	(8,538)
		$1,144,438	$1,147,511
	$		

Aggregate principal maturities of debt as of September 30, 2023 are March 31, 2024 were as follows (*$ in thousands*):

Remainder of 2023		$	50,104
2024			75,425
Remainder of 2024			
2025	2025		325,816
2026	2026		205,000
2027	2027		100,000
2028	2028		—
2029			
Thereafter	Thereafter		400,000
			1,156,345
		1,149,636	
Less: discount	Less: discount		(2,358)
Less: unamortized loan costs	Less: unamortized loan costs		(9,549)
		$	1,144,438
	$		

Unsecured revolving credit facility and bank term loans loan

On March 31, 2022, we entered into an Our unsecured revolving bank credit agreement (the “2022 Credit Agreement”) providing us with facility consists of a $700.0 million unsecured revolving credit facility replacing our previous $550.0 million unsecured revolver. The 2022 (the “2022 Credit Agreement 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 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%. In addition, the 2022 Credit Agreement requires a facility fee equal to 0.125% to 0.30%, based on our credit rating.

In the first quarter of 2023, we repaid $20.0 million of We have a term loan with a maturity of September 2023 (the “2023 Term Loan”). In June 2023, we entered into a two-year $200.0 million term loan agreement (the “2025 Term Loan”) bearing 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. The Company incurred approximately $2.7 million of deferred financing cost associated with this loan. The 2025 Term Loan proceeds were used to repay a portion of the remaining $220.0 million 2023 Term Loan balance, which was repaid in full in June 2023. The 2023 Term Loan accrued interest on borrowings consistent with the new 2025 Term Loan. Upon repayment, we expensed approximately $0.1 million of unamortized loan costs associated with this loan which are included in “ adjustmentLoss on early retirement of debt”.

At September 30, 2023 March 31, 2024, we had $495.0 million $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 September 30, 2023 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 September 30, 2023 March 31, 2024.

Private Placement Notes

In January 2023, we repaid the $125.0 million of the private placement notes due January 2023 primarily with proceeds from the revolving credit facility.

Our remaining unsecured private placement notes as of September 30, 2023 March 31, 2024, payable interest-only, are summarized below (*$ in thousands*):

Amount		Inception	Maturity	Fixed Rate
$	50,000	November 2015	November 2023	3.99%
	75,000	September 2016	September 2024	3.93%
	50,000	November 2015	November 2025	4.33%
	100,000	January 2015	January 2027	4.51%
$	275,000			

In November 2023, the $50.0 million of private placement notes due November 2023 were repaid primarily with proceeds from the revolving credit facility.

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 September 30, 2023 March 31, 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 4.6% 4.60%, and has a remaining balance of $16.2 million $16.0 million at September 30, 2023 March 31, 2024. Collectively, the Fannie Mae debt is secured by properties having a net book value of $101.7 million $100.0 million at September 30, 2023 March 31, 2024.

Interest Expense

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	Three Months Ended			
	Three Months Ended			

		Three Months Ended March 31, March 31, March 31,			
		2024 2024 2024			
Interest expense on debt at contractual rates					
Interest expense on debt at contractual rates					
Interest expense on debt at contractual rates	Interest expense on debt at contractual rates	$ 14,387	$ 10,821	$ 41,439	$ 30,640
Capitalized interest	Capitalized interest	(21)	(18)	(61)	(28)
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	Amortization of debt issuance costs, debt discount and other	720	609	1,930	1,860
Total interest expense	Total interest expense	$ 15,086	$ 11,412	$ 43,308	$ 32,472
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 September 30, 2023 March 31, 2024, we had working capital, mortgage, construction and mezzanine loan commitments to six operators or borrowers for an aggregate of $145.4 million $132.7 million, of which we had funded $102.0 million $88.5 million toward these commitments. Loan funded amounts do not reflect the effects of discounts or commitment fees.

As of September 30, 2023 March 31, 2024, we had $23.2 million $15.5 million of development commitments for construction and renovation for seven four properties of which we had funded $18.8 million $12.6 million toward these commitments. One of our consolidated real estate partnerships,

NHI REIT 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 September 30, 2023 March 31, 2024.

As of September 30, 2023 March 31, 2024, we had an aggregate of $13.9 million $8.9 million in remaining contingent lease inducement commitments in five four lease agreements which are generally based on the performance of facility operations and may or may not be met by the tenant.

In the nine months ended September 30, 2023, second quarter of 2024, we funded committed to fund up to $8.0 million and $10.0 million to Timber Ridge OpCo based upon 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 achievement of all performance conditions as discussed in amount expended. See Note 7. 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 loans loan commitments reflected in "*Accounts payable and accrued expenses*" on the Condensed Consolidated Balance Sheets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 is presented in the following table for the nine three months ended September 30, 2023 March 31, 2024 (*$ in thousands*):

Beginning balance January 1, 2023 January 1, 2024	$	683 279
Provision for expected credit losses		(385) 10
Balance at September 30, 2023 March 31, 2024	$	298 289

The disposal transactions for three Bickford properties in 2022 included $2.4 million in contingent consideration representing cash placed in escrow to be returned to the buyers to the extent the sold properties generate negative monthly cash flows over the twelve months following the dates of sale. As of September 30, 2023, all the escrowed funds were returned to the buyers. Litigation

COVID-19 Pandemic Contingencies

Rental income for Our facilities are subject to claims and suits in the three ordinary course of business. Such claims may include, among other things professional liability and nine months ended September 30, 2023 includes $2.1 million and $5.5 million, respectively, general liability claims, as well as regulatory proceedings related to repayments our SHOP segment. Our managers, tenants and other reductions of pandemic-related rent deferrals. Rental income for borrowers have indemnified, and are obligated to continue to indemnify us, against all liabilities arising from the nine months ended September 30, 2023 includes the $2.5 million in reduced pandemic-related rent deferrals in connection with the acquisition in the first quarter of 2023 operation of the ALF located in Chesapeake, Virginia discussed in Note 3. There were 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 pandemic-related rent concessions granted for the three and nine months ended September 30, 2023. As direct material adverse effect on our financial condition, results of September 30, 2023, aggregate pandemic-related rent concessions granted to tenants that were initially accounted for as variable lease payments totaled approximately $26.9 million, net of cumulative repayments and other reductions of $9.2 million and excluding any interest accrued.

There were no pandemic-related rent concessions granted for the three months ended September 30, 2022. Pandemic-related rent concessions granted for the nine months ended September 30, 2022 totaled approximately $10.7 million, of which Bickford accounted for approximately $5.5 million. 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 September 30, 2023 March 31, 2024 and December 31, 2022 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 September 30, 2023 March 31, 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 nine three months ended September 30, 2023 March 31, 2024 (*$ in thousands*):

		Nine Three Months Ended September 30, 2023 March 31, 2024
Balance at January 1,	$	9,825 9,656
Contributions		922
Net loss		(825) (225)
Distributions		(6)
Balance at September 30, March 31,	$	9,922 9,425

Note 11. Equity and Dividends

Share Repurchase Plan

On February 17, 2023 February 16, 2024, our Board of Directors authorized a revised renewed our stock repurchase program (the "Revised Repurchase "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 Revised Repurchase Plan is effective for a period of one year and does not require us to repurchase any specific number of shares. The Revised 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 during the three and nine months ended September 30, 2023. During 2022, cumulative repurchases through open market transactions totaled 2,468,354 shares of common stock for approximately $151.6 million. All shares received were constructively retired upon receipt, March 31, 2024 and reflected as a reduction to "*Retained earnings*" in the Condensed Consolidated Balance Sheet as of December 31, 2022. 2023.

In March 2023, we renewed At-the-Market (ATM) Equity Program

We maintain an ATM equity program which allows us to sell our automatic "shelf" registration statement on Form S-3 common stock directly into the market and concurrently have entered into a new an ATM equity distribution offering sales agreement whereby we can pursuant to which the Company may sell, from time to time, up to an aggregate sales price of $500.0 million in of the Company's common stock through an at-the-market ("ATM") shares. No shares were issued under the ATM equity program. We incurred approximately $0.5 million in costs for these programs. program during the three months ended March 31, 2024 and 2023.

Dividends

The following table summarizes dividends declared by the Board of Directors or paid during the nine three months ended September 30, 2023 March 31, 2024 and 2022: 2023:

Nine Three Months Ended September 30, 2023 March 31, 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

Three Months Ended March 31, 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

Nine Months Ended September 30, 2022

Date of Declaration	Date of Record	Date Paid/Payable	Quarterly Dividend
November 5, 2021	December 31, 2021	January 31, 2022	$0.90
February 16, 2022	March 31, 2022	May 6, 2022	$0.90
May 6, 2022	June 30, 2022	August 5, 2022	$0.90
August 5, 2022	September 30, 2022	November 4, 2022	$0.90

On November 3, 2023 May 3, 2024, the Board of Directors declared a $0.90 per share dividend payable on August 2, 2024 to common stockholders of record on December 29, 2023, payable on January 26, 2024 as of June 28, 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, which was as amended and restated in May 2023 (collectively, the (the "2019 Plan"). During the nine three months ended September 30, 2023 March 31, 2024, we granted options to purchase 385,500 431,000 shares of common stock under the 2019 Plan.

The amendment and restatement of the 2019 Plan, which was approved by stockholders in May 2023, increased the number of shares of common stock authorized for issuance under the 2019 Plan from 3,000,000 to 6,000,000 and added the ability of the Company to award shares of restricted stock and restricted stock units subject to such conditions and restrictions as the Company may determine. In May 2023, 21,000 February 2024, 15,000 shares of restricted stock were issued to executive officers with a grant date fair value of $49.30 $57.76 per share based on the market value of our common stock on the date of grant. The restricted stock will vest 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.

The weighted average fair value of options granted during the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 was $10.56 $7.36 and $11.92 $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:

		2023	2022			
	2024				2024	2023
Dividend yield	Dividend yield	6.9%	7.0%	Dividend yield	6.4%	7.0%
Expected volatility	Expected volatility	39.0%	49.3%	Expected volatility	26.1%	39.7%
Expected lives	Expected lives	2.9 years	2.9 years	Expected lives	2.9 years	2.9 years
Risk-free interest rate	Risk-free interest rate	4.56%	1.75%	Risk-free interest rate	4.49%	4.65%

The following table summarizes our outstanding stock options:

	Number Number Number of Shares of Shares of Shares	Weighted Average Weighted Average Weighted Average
Options outstanding, January 1, 2023		
Options outstanding, January 1, 2023		
Options outstanding, January 1, 2023		
Options granted		
Options granted		
Options granted		
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		
Exercisable at March 31, 2023		
Exercisable at March 31, 2023		
Exercisable at March 31, 2023		
Options outstanding, January 1, 2024		
Options outstanding, January 1, 2024		

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Options outstanding, January 1, 2024			
Options granted			
Options granted			
Options granted			
Options expired			
Options outstanding, January 1, 2022	1,652,505	$78.10	
Options granted	718,000	$53.62	
Options exercised	(56,832)	$53.41	
Options forfeited	(23,000)	$62.33	
Options expired Options expired	(74,498)	$77.93	
Options outstanding, September 30, 2022	2,216,175	$70.97	
Exercisable at September 30, 2022	1,695,155	$74.73	
Options outstanding, January 1, 2023	2,216,175	$70.97	
Options granted	385,500	$54.73	
Options exercised	(5,166)	$53.41	
Options forfeited	(61,168)	$66.44	
Options expired Options expired	(88,170)	$64.33	
Options outstanding, September 30, 2023	2,447,171	$68.80	2.51
Options outstanding, March 31, 2024			
Options outstanding, March 31, 2024			
Options outstanding, March 31, 2024			
Exercisable at September 30, 2023	2,078,827	$71.40	2.25
Exercisable at March 31, 2024			
Exercisable at March 31, 2024			
Exercisable at March 31, 2024			

At September 30, 2023 March 31, 2024, there was no the intrinsic value of stock options outstanding and exercisable. The aggregate intrinsic value of stock options exercised during the nine months ended September 30, 2023 exercisable was $11.1 million and 2022 was $1.23 per share or less than $0.1 million and $4.94 per share or $0.1 million, $9.1 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 September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Share-based compensation components:				
Restricted stock expense	$ 119	$ —	$ 191	$ —
Stock option expense	747	1,065	3,549	7,576
Total share-based compensation expense	$ 866	$ 1,065	$ 3,740	$ 7,576

	Three Months Ended March 31, 2024	Three Months Ended March 31, 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

As of September 30, 2023 March 31, 2024, unrecognized compensation expense totaling $2.7 million $3.7 million associated with stock-based awards is was expected to be recognized over the following periods: remainder of 2023 - $0.9 million, 2024 - $1.3 million $2.0 million, 2025 - $1.1 million, 2026 - $0.3 million, 2026 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 September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31,			
		March 31,			
		March 31,			
		2024			
		2024			
		2024			
Net income					
Net income					
Net income	Net income	$ 29,033	$ 34,229	$ 102,662	$ 63,941
Add: net loss attributable to noncontrolling interests	Add: net loss attributable to noncontrolling interests	313	239	946	599
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	Net income attributable to stockholders	29,346	34,468	103,608	64,540
Less: net income attributable to unvested restricted stock awards	Less: net income attributable to unvested restricted stock awards	(19)	—	(38)	—
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	Net income attributable to common stockholders - basic	$ 29,327	$ 34,468	$ 103,570	$ 64,540
BASIC:	BASIC:				
BASIC:					
BASIC:					
Weighted average common shares outstanding					
Weighted average common shares outstanding					
Weighted average common shares outstanding	Weighted average common shares outstanding	43,388,841	44,339,975	43,388,779	45,236,696
DILUTED:	DILUTED:				
DILUTED:					
DILUTED:					
Weighted average common shares outstanding					
Weighted average common shares outstanding					
Weighted average common shares outstanding	Weighted average common shares outstanding	43,388,841	44,339,975	43,388,779	45,236,696
Stock options	Stock options	—	62,607	896	24,427
Stock options					
Stock options					
Weighted average dilutive common shares outstanding					
Weighted average dilutive common shares outstanding					
Weighted average dilutive common shares outstanding	Weighted average dilutive common shares outstanding	43,388,841	44,402,582	43,389,675	45,261,123
Earnings per common share - basic	Earnings per common share - basic	$ 0.68	$ 0.78	$ 2.39	$ 1.43
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	Earnings per common share - diluted	$ 0.68	$ 0.78	$ 2.39	$ 1.43
Incremental anti-dilutive shares excluded:	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	Net share effect of stock options with an exercise price in excess of the average market price for our common shares	816,353	390,159	781,727	501,183
Regular dividends declared per common share	Regular dividends declared per common share	$ 0.90	$ 0.90	$ 2.70	$ 2.70
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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 in the Condensed Consolidated Balance Sheets are as follows ($ *in thousands*):

		Carrying Amount		Fair Value Measurement		Carrying Amount		Fair Value Measurement	
		September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022				
	Carrying Amount March 31, 2024					March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Level 2	Level 2								
Variable rate debt									
Variable rate debt									
Variable rate debt	Variable rate debt	$ 399,233	$ 277,699	$ 405,000	$ 282,000				
Fixed rate debt	Fixed rate debt	$ 745,205	$ 869,812	$ 642,539	$ 773,994				
Level 3	Level 3								
Level 3									
Level 3									
Mortgage and other notes receivable, net	Mortgage and other notes receivable, net	$ 242,960	$ 233,141	$ 228,282	$ 227,611				
Mortgage and other notes receivable, net									
Mortgage and other notes receivable, net									

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 health care healthcare real estate through acquisition and financing of primarily single- tenant single-tenant properties. Properties acquired are 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.

We formed the SHOP segment effective April 1, 2022 upon termination of the triple-net lease for the legacy Holiday Retirement portfolio at which time the operations and properties of 15 ILFs were transferred into two separate ventures, as discussed further in Note 5. The results associated with the prior triple-net lease structure for these properties are included in the Real Estate Investments segment and the results from operating these SHOP properties after the transition are included in our SHOP segment. There is no impact to the prior year's presentation.

Our chief operating decision maker 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 nine months ended September 30, 2023 and 2022. March 31, 2024 or 2023. Capital expenditures for the nine three months ended September 30, 2023 March 31, 2024 were approximately $56.5 million $1.7 million for the Real Estate Investments segment and $6.3 million $1.3 million for the SHOP segment. Capital expenditures for the nine three months ended September 30, 2022 March 31, 2023 were approximately $7.6 million $55.8 million for the Real Estate Investments segment and $1.8 million $1.1 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. The results of operations for all acquisitions described in Note 3 are included in our consolidated results of operations from the acquisition dates and are components of the appropriate segments.

Summary information for the reportable segments during the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 is as follows (*$ in thousands*):

For the three months ended September 30, 2023:	Real Estate Investments	SHOP	Non-segment/Corporate	Total
Rental income	$ 62,255	$ —	$ —	$ 62,255
Resident fees and services	—	12,367	—	12,367
Interest income and other	5,337	—	147	5,484
Total revenues	67,592	12,367	147	80,106
Senior housing operating expenses	—	10,045	—	10,045
Taxes and insurance on leased properties	2,908	—	—	2,908
NOI	64,684	2,322	147	67,153
Depreciation	15,211	2,292	12	17,515
Interest	773	—	14,313	15,086
Legal	—	—	67	67
Franchise, excise and other taxes	—	—	2	2
General and administrative	—	—	4,430	4,430
Loan and realty losses	1,959	—	—	1,959
Gains on sales of real estate, net	(737)	—	—	(737)
Other non-operating income	(202)	—	—	(202)
Net income (loss)	$ 47,680	$ 30	$ (18,677)	$ 29,033
Total assets	$ 2,218,699	$ 277,014	$ 3,377	$ 2,499,090

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
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 September 30, 2022:		Real Estate Investments	SHOP	Non-segment/Corporate	Total
For the three months ended March 31, 2023:		For the three months ended March 31, 2023:	Real Estate Investments	SHOP Non-segment/Corporate	Total
Rental income	Rental income	$ 59,394	$ —	$ —	$ 59,394
Resident fees and services	Resident fees and services	—	12,013	—	12,013
Interest income and other	Interest income and other	4,820	—	71	4,891
Total revenues	Total revenues	64,214	12,013	71	76,298
Senior housing operating expenses	Senior housing operating expenses	—	9,239	—	9,239
Taxes and insurance on leased properties	Taxes and insurance on leased properties	2,358	—	—	2,358
NOI	NOI	61,856	2,774	71	64,701
Depreciation	Depreciation	15,390	2,129	14	17,533
Interest	Interest	837	—	10,575	11,412
Legal	Legal	—	—	88	88
Franchise, excise and other taxes	Franchise, excise and other taxes	—	—	225	225
General and administrative	General and administrative	—	—	4,744	4,744

Loan and realty losses		11,329	—	—	11,329
Loan and realty gains					
Gains on sales of real estate, net	Gains on sales of real estate, net	(14,840)	—	—	(14,840)
Gain on operations transfer, net		(19)	—	—	(19)
Net income (loss)					
Net income (loss)					
Net income (loss)	Net income (loss)	$ 49,159	$ 645	$ (15,575)	$ 34,229
Total assets	Total assets	$2,214,475	$290,708	$ 3,602	$2,508,785
Total assets					
Total assets					

For the nine months ended September 30, 2023:	Real Estate Investments	SHOP	Non-segment/Corporate	Total
Rental income	$ 188,505	$ —	$ —	$ 188,505
Resident fees and services	—	35,860	—	35,860
Interest income and other	15,727	—	278	16,005
Total revenues	204,232	35,860	278	240,370
Senior housing operating expenses	—	29,525	—	29,525
Taxes and insurance on leased properties	8,738	—	—	8,738
NOI	195,494	6,335	278	202,107
Depreciation	46,064	6,757	41	52,862
Interest	2,298	—	41,010	43,308
Legal	—	—	364	364
Franchise, excise and other taxes	—	—	443	443
General and administrative	—	—	14,390	14,390
Loan and realty losses	1,727	—	—	1,727
Gains on sales of real estate, net	(13,500)	—	—	(13,500)
Gain on operations transfer, net	(20)	—	—	(20)
Other non-operating income	(202)	—	—	(202)
Loss on early retirement of debt	—	—	73	73
Net income (loss)	$ 159,127	$ (422)	$ (56,043)	$ 102,662

For the nine months ended September 30, 2022:	Real Estate Investments	SHOP	Non-segment/Corporate	Total
Rental income	$ 163,935	$ —	$ —	$ 163,935
Resident fees and services	—	24,005	—	24,005
Interest income and other	19,362	—	222	19,584
Total revenues	183,297	24,005	222	207,524
Senior housing operating expenses	—	18,352	—	18,352
Taxes and insurance on leased properties	7,553	—	—	7,553
NOI	175,744	5,653	222	181,619
Depreciation	49,282	4,245	50	53,577
Interest	2,371	—	30,101	32,472
Legal	—	—	2,254	2,254

Franchise, excise and other taxes	—	—	694	694
General and administrative	—	—	17,893	17,893
Loan and realty losses	39,951	—	—	39,951
Gains on sales of real estate, net	(28,342)	—	—	(28,342)
Loss on operations transfer, net	710	—	—	710
Gain on note receivable payoff	(1,113)	—	—	(1,113)
Loss on early retirement of debt	—	—	151	151
Gains from equity method investment	(569)	—	—	(569)
Net income (loss)	$ 113,454	$ 1,408	$ (50,921)	$ 63,941

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 and $260.7 million of real estate properties, net, $2.9 million and $7.7 million of cash and cash equivalents, $2.6 million and $1.7 million of other assets, net, as of March 31, 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 and $4.7 million as of March 31, 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 and December 31, 2023 include approximately $250.5 million and $252.5 million of real estate properties, net, $9.7 million and $9.7 million in straight-line rent receivable, $2.5 million and $3.2 million of cash and cash equivalents and $7.2 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	$89,728	$ 93,478	Notes 3, 4	2014 Senior Living	Notes and straight-line receivable	$ 87,964	$ 92,464	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 and funding commitment	$17,108	$ 29,816	Notes 3, 4	2018 Bickford	Notes	$ 16,861	$ 29,415	Notes 3, 4	Notes 3, 4
2019	2019 Encore Senior Living	Various[1]	$54,161	$ 56,536	—	2019 Encore Senior Living	Various[1]	$ 56,965	$ 57,639	—	—
2020	2020 Timber Ridge OpCo	Various[2]	$ 1,977	$ 6,977	Notes 6, 7	2020 Timber Ridge OpCo	Various[2]	$ 689	$ 5,689	Notes 6, 7	Notes 6, 7
2020	2020 Watermark Retirement	Notes and straight-line receivable	$ 8,921	$ 11,445	—	2020 Watermark Retirement	Notes and straight-line receivable	$ 9,450	$ 11,723	—	—

2021	2021	Montecito Medical Real Estate	Notes and funding commitment	$20,514	$ 50,260	Note 4	2021	Montecito Medical Real Estate	Notes and funding commitment	$	20,498	$	50,243	Note 4	Note 4
2021	2021	Vizion Health	Notes and straight-line receivable	$17,948	$ 17,948	—	2021	Vizion Health	Notes and straight-line receivable	$	16,173	$	16,173	—	—
2021	2021	Navion Senior Solutions	Various[3]	$ 8,025	$ 8,025	—	2021	Navion Senior Solutions	Various[3]	$	7,990	$	7,990	—	—
2023	2023	Kindcare Senior Living	Notes[4]	$ 733	$ 733	—	2023	Kindcare Senior Living	Notes[4]	$	758	$	758	—	—

[1] Notes, straight-line rents rent receivable, and lease receivables

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

[3] Notes, loan Development commitments, straight-line rents rent receivable, and unamortized lease incentive

[4] 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.

References 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, this Quarterly Report on Form 10-Q has 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. Unless the context indicates otherwise, references herein to the "Company" include all of our consolidated subsidiaries.

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 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 many of which are outside of our control, including, but not limited to, the following:

* Actual or perceived risks associated with public health epidemics or outbreaks, such as the coronavirus ("COVID-19"), have had and may continue to have a material adverse effect on our business and results of operations;

* 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 regulations 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 decision-making authority and our reliance on the financial condition of other interests;

* We are subject to risks associated with related to our joint venture investment with Life Care Services for Timber Ridge, a an entrance-fee continuing care retirement community ("CCRC"), associated with Type A benefits offered to the residents of the joint venture's entrance fee community 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 our prospects;

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

* Breaches of, disruptions to, A cybersecurity incident or other unauthorized interference with the privacy and security 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 incur substantial costs liability under privacy and reputational damage, security and could consumer protection laws, and subject us to litigation federal and enforcement actions; 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 that 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 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;

* 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;

* Inflation and increased 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 financial condition and results of operations; 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 forgo 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, 2022 December 31, 2023, "Business" and "Risk Factors" under Part I, Item 1 and Item 1A, respectively, therein and "*RiskFactors*" "Risk Factors" under Part II, Item 1A of this Quarterly Report on Form 10-Q for a further discussion of these 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 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 shares of 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 other notes receivable in independent living facilities ("ILFs" ILF"), assisted living facilities ("ALF"), entrance-fee communities ("EFC"), senior living campuses ("SLC"), skilled nursing facilities ("SNF") 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 September 30, 2023 March 31, 2024, we had investments in real estate and mortgage and other notes receivable involving 177 180 facilities located in 31 states. These investments involve 104 97 senior housing properties, 72 65 SNFs and one HOSP, excluding four properties one property classified as assets an asset held for sale. These investments consisted of properties with an original aggregate cost of approximately $2.4 billion, rented under primarily triple-net leases to 25 tenants, and $258.8 million $274.3 million aggregate carrying value of mortgages and other notes receivable, excluding an allowance for expected credit losses of $15.8 million $15.5 million, due from 15 14 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

Effective April 1, 2022, Our SHOP segment is comprised of two ventures that own the operations of 15 senior housing ILFs previously part of the legacy Holiday Retirement ("Holiday") properties were transferred from a triple-net lease to two separate ventures comprising our SHOP segment. 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 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 September 30, 2023 March 31, 2024, our SHOP segment consisted of 15 ILFs located in eight states, with a combined 1,734 1,732 units.

The following tables summarize our portfolio, excluding $2.6 million for our corporate office, $10.9 million $5.0 million in assets held for sale and a credit loss reserve of $15.8 million $15.5 million, as of and for the nine three months ended September 30, 2023 March 31, 2024 (*$ in thousands*):

Real Estate Investments and SHOP	**Real Estate Investments and SHOP**									
		Properties	Beds/Units	NOI[1]	% Total	Gross Investment				
Real Estate Investments and SHOP										
Real Estate Investments and SHOP										
		Properties								
		Properties								
		Properties					Beds/Units	NOI[1]	% Total	Gross Investment
Real Estate 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

Senior Housing - Need-Driven					
Assisted Living	71	3,882	$ 45,323	22.5 %	$ 761,744
Senior Living Campus	8	995	12,063	6.0 %	214,693
Total Senior Housing - Need-Driven	79	4,877	57,386	28.5 %	976,437
Senior Housing - Discretionary					
Independent Living	7	903	6,252	3.1 %	108,486
Entrance-Fee Communities	11	2,917	45,382	22.5 %	746,485
Total Senior Housing - Discretionary	18	3,820	51,634	25.6 %	854,971
Total Senior Housing	97	8,697	109,020	54.1 %	1,831,408
Medical Facilities					
Skilled Nursing Facilities	65	8,614	62,335	30.9 %	557,996
Hospitals	1	64	3,066	1.5 %	40,250
Total Medical Facilities	66	8,678	65,401	32.4 %	598,246
Current Year Disposals and Held for Sale			5,346	2.6 %	
Total Real Estate Properties	163	17,375	179,767	89.1 %	2,429,654

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**					
	Senior Housing - Need-Driven	6	472	4,825	2.4 %	81,662
	Senior Housing - Discretionary	1	248	1,778	0.9 %	32,700
	Skilled Nursing Facilities	7	731	2,584	1.3 %	45,000
Mortgage and Other Notes Receivable						
	Other Notes Receivable	—	—	6,315	3.1 %	99,406
	Current Year Note Payoffs	—	—	225	0.1 %	—
	Total Mortgage and Other Notes Receivable	14	1,451	15,727	7.8 %	258,768
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					
	Total Mortgage and Other Notes Receivable					
SHOP	**SHOP**					
	Independent Living	15	1,734	6,335	3.1 %	344,387
SHOP						
SHOP						
	Independent Living					
	Independent Living					
	Independent Living					
	Total	192	20,560	$201,829	100 %	$3,032,809

Total

Total

Total

[1]Excludes Non-segment/Corporate NOI

[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	$179,767	89.1 %	$2,429,654
Mortgage and Other Notes Receivable	14	15,727	7.8 %	258,768
SHOP	15	6,335	3.1 %	344,387
Total Portfolio	192	$201,829	100 %	$3,032,809

Portfolio Summary Properties NOI % Portfolio Gross Investment

Real Estate Properties

Mortgage and Other Notes Receivable

SHOP

Total Portfolio

Portfolio by Operator Type	Properties	NOI	% Portfolio	Gross Investment
Public	55	$ 48,301	23.9 %	$ 411,740
National Chain (Privately Owned)	3	8,280	4.1 %	172,385
Regional	116	131,898	65.4 %	2,072,291
Small	3	1,444	0.8 %	32,006
Current Year Disposals and Held for Sale		5,346	2.6 %	—
Current Year Note Payoffs		225	0.1 %	—
Total Real Estate Investments Portfolio	177	195,494	96.9 %	2,688,422
SHOP	15	6,335	3.1 %	344,387
Total Portfolio	192	$201,829	100 %	$3,032,809

Portfolio by Operator Type

Portfolio by Operator Type

Public

Public

Public

National Chain (Privately Owned)
Regional
Small
Disposals and Held for Sale
Total Real Estate Investments Portfolio
Total Real Estate Investments Portfolio
Total Real Estate Investments Portfolio
SHOP
Total Portfolio

The following table summarizes the geographic concentration of net operating income ("NOI") of our our portfolio, excluding Non-segment/Corporate NOI, for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 (*$ in thousands*).

		Nine Months Ended September 30,				
		Three Months Ended March 31,			Three Months Ended March 31,	
Location	Location	2023	2022	Location	2024	2023
South Carolina	South Carolina	$ 24,972	$ 25,955			
Texas	Texas	23,572	21,124			
Florida	Florida	20,588	19,407			
Tennessee	Tennessee	13,339	12,189			
Washington	Washington	10,157	11,521			
All others	All others	109,201	91,201			
NOI	NOI	$201,829	$181,397			

For the nine three months ended September 30, 2023 March 31, 2024, operators of facilities in our Real Estate Investments portfolio who provided 3% or more individually, and collectively 61% 59% of our total revenues were (parent company, in alphabetical order): Bickford Senior Living ("Bickford"); Discovery Senior Living ("Discovery"); Encore Senior Living; Health Services Management; Life Care Services; NHC; Senior Living Communities ("Senior Living"); and The Ensign Group.

As of September 30, 2023 March 31, 2024, our average effective annualized NOI for the Real Estate Investments reportable segment was $9,536 $10,051 per bed for SNFs, $17,761 $14,185 per unit for SLCs, $15,977 $16,315 per unit for ALFs, $9,230 $8,379 per unit for ILFs, $20,623 $20,537 per unit for EFCs and $63,899 per bed for the HOSP. As of September 30, 2023 March 31, 2024, our average effective annualized NOI per unit for the SHOP reportable segment was $5,357. $6,793.

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 mortgages 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. 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.

COVID-19 Pandemic Update

Rental income for the three and nine months ended September 30, 2023 includes $2.1 million and $5.5 million, respectively, related to repayments and other reductions of pandemic-related rent deferrals. Rental income for the nine months ended September 30, 2023 includes the $2.5 million in reduced pandemic-related rent deferrals in connection with the acquisition in the first quarter of 2023 of the ALF located in Chesapeake, Virginia discussed in Note 3. There were no pandemic-related rent concessions granted for the three and nine months ended September 30, 2023. As of September 30, 2023, aggregate pandemic-related rent concessions granted to tenants that were initially accounted for as variable lease payments totaled approximately $26.9 million, net of cumulative repayments and other reductions of $9.2 million and excluding any interest accrued.

There were no pandemic-related rent concessions granted for the three months ended September 30, 2022. Pandemic-related rent concessions granted for the nine months ended September 30, 2022 totaled approximately $10.7 million, of which Bickford accounted for approximately $5.5 million.

See Part I. Item 1A "Risk Factors" in our most recent Annual Report on Form 10-K for the year ended December 31, 2022 for further information regarding the risks presented by the COVID-19 pandemic.

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, 2022 December 31, 2023.

Investment Highlights Activity

Since January 1, 2023, we have completed the following real estate investments ($ in thousands):Carriage Crossing Senior Living Bloomington

Operator	Date	Properties	Asset Class	Land	Building and Improvements	Total
Silverado Senior Living	Q1 2023	2	ALF	$ 3,894	$ 33,599	$ 37,493
Bickford	Q1 2023	1	ALF	1,746	15,542	17,288
				$ 5,640	$ 49,141	$ 54,781

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

Reference Note 3 to the condensed consolidated financial statements for more detail on real estate investments completed since January 1, 2023.

Asset Dispositions

During the nine months ended September 30, 2023, we completed the following dispositions of real estate property within our Real Estate Investments portfolio as described below (*$ in thousands*):

Operator	Date	Properties	Asset Class	Net Proceeds	Net Real Estate Investment	Gain	Impairment[2]
BAKA Enterprises, LLC [1,3]	Q1 2023	1	ALF	$ 7,478	$ 7,505	$ —	$ (27)
Bickford[1]	Q1 2023	1	ALF	2,553	1,421	1,132	—
Chancellor Senior Living[1,3]	Q2 2023	1	ALF	2,355	1,977	378	—
Milestone Retirement[1,3,4]	Q2 2023	2	ALF	3,803	3,934	—	(131)
Chancellor Senior Living[1,3]	Q2 2023	1	ALF	7,633	6,140	1,493	—
Milestone Retirement[1,3,4]	Q2 2023	1	ALF	1,602	1,452	150	—
Chancellor Senior Living	Q2 2023	1	ALF	23,724	14,476	9,248	—
Chancellor Senior Living[1,3]	Q3 2023	1	ALF	2,923	2,292	631	—
				$ 52,071	$ 39,197	$ 13,032	$ (158)

[1] Assets were previously classified as "*Assets held for sale*" in the Consolidated Balance Sheet at December 31, 2022.

[2] Impairments are included in "*Loan and realty losses*" in the Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2023.

[3] Total impairment charges recognized on these properties in prior periods were $16.4 million in the aggregate.

[4] The Company provided aggregate financing of approximately $0.7 million, net of discounts, on these transactions in the form of notes receivable.

Capital Funding Group, Inc. Loan Extension

On September 21, 2023, we amended a mezzanine loan with Capital Funding Group, Inc. Pursuant to the terms of the agreement, the loan increased from its balance at June 30, 2023 of $8.1 million to $25.0 million. The interest rate on the loan was increased to 10% and the maturity was extended to December 31, 2028.

Assets Held for Sale and Impairment of Long-Lived Assets

Four properties One property in our Real Estate Investments portfolio, with an aggregate net real estate balance of $10.9 million $5.0 million, were was classified as assets an asset held for sale on our Condensed Consolidated Balance Sheet as of September 30, 2023 March 31, 2024. Rental income associated with the four properties this property was $0.6 million $0.3 million and $1.9 million $0.5 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and $0.6 million 2023, respectively.

In March 2024, we executed a purchase and $1.6 million 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 three purchase. The purchase and nine months ended September 30, 2022, respectively. During sale agreement expires in December 2024. Until the first quarter of 2023, one tenant provides notification that it has obtained financing, the property in our Real Estate Investments portfolio was continues to be classified as held for sale with 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 real estate balance investment of $5.0 million and two properties, previously classified $19.6 million as held for sale with an aggregate net real estate balance of $12.3 million, were reclassified as held for use on our Condensed Consolidated Balance Sheet. March 31, 2024.

During the three months ended September 30, 2023 March 31, 2023, we recorded impairment charges of approximately $1.2 million $0.3 million for one property three properties in our Real Estate Investments segment. During the nine months ended September 30, 2023, we recorded impairment charges of approximately $1.6 million for four properties in our Real Estate Investments segment, of which $0.5 million related to three properties either sold or classified as assets held for sale. The impairment charges are included in "*Loan and realty losses*" in the Condensed Consolidated Statements Statement of Income.

Fourth Second Quarter 2023 2024 Dispositions

During In the fourth second quarter of 2023, 2024, we sold three completed the sale of two ALFs located in Florida Louisiana, previously leased to one of our tenants on cash basis, for combined consideration net cash proceeds of $4.6 million, resulting in a gain of approximately $5.4 million in cash, net of transaction costs plus $1.6 million of seller financing in connection with one of the transactions. $1.3 million. The properties were classified in assets as held for sale on the Condensed Consolidated Balance Sheet and used as of September 30, 2023, with an aggregate book value March 31, 2024 based on our assessment at that date of $5.9 million. Prior impairment charges recognized on the properties totaled $1.3 million. 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 nine three months ended September 30, 2023 March 31, 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 2024, we began negotiations with a tenant to transition its leased SNF located in Wisconsin to a new operator. We wrote off in the first quarter of 2024 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.

Certain of our leases contain purchase options allowing tenants to acquire the leased properties. At September 30, 2023 March 31, 2024, tenants had purchase options on three properties with an aggregate net investment of $58.8 million $58.0 million that will become exercisable between 2027 and 2028. Rental income from these properties with tenant purchase options was $1.8 million and $5.4 million for both the three and nine months ended September 30, 2023, respectively, March 31, 2024 and $1.8 million and $5.3 million for the three and nine months ended September 30, 2022, respectively. 2023.

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 for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, excluding $2.6 million for our corporate office, a credit loss reserve of $15.8 million $15.5 million and $344.4 million $348.7 million in real estate assets for the SHOP segment (*$ in thousands*):

As of September 30, 2023	Revenues[1]

		Asset Class	Gross Real Estate	Notes Receivable	Nine Months Ended September 30, 2023		2022	
Senior Living	Senior Living	EFC	$ 573,631	$ 48,950	$ 38,466	16%	$ 38,325	18%
Bickford[2]		ALF	429,043	16,827	29,280	12%	N/A	N/A
NHC	NHC	SNF	133,770	—	28,159	12%	27,875	13%
All others, net	All others, net	Various	1,293,210	192,991	99,867	41%	109,766	53%
Escrow funds received from tenants for property operating expenses	Escrow funds received from tenants for property operating expenses	Various	—	—	8,738	4%	7,553	4%
			$2,429,654	$ 258,768	204,510		183,519	
Resident fees and services[3]	Resident fees and services[3]				35,860	15%	24,005	12%
					$240,370		$207,524	

As of March 31, 2024

Asset
Asset
Asset
Class
Class
Class

Senior Living										
Senior Living	EFC	$ 573,631		$ 48,200		$12,815			16%	
NHC	SNF	133,770	—	—	11,246		11,246	14%		14
Bickford	ALF	429,043		16,747		10,054			12%	
All others, net	Various	1,307,634	209,402	209,402	31,409		31,409	39%		39
for property operating expenses										
for property operating expenses	Various	—		—		2,733			3%	
$										
Resident fees and services[3]										
Resident fees and services[3]									13,256	
$										

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

[2] Revenues Amounts include any properties classified as held for the nine months ended September 30, 2022 are included in "All others, net" since they are less than 10% for that period. sale.

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

Straight-line rent of $(0.9) $(0.7) million and $0.3 million $(0.3) million and interest income of $2.8 million $0.9 million and $2.7 million $1.0 million were recognized from the Senior Living investments for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Straight-line rent of $(0.9) million $0.1 million and $(0.1) $(0.3) million was recognized for from NHC for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Interest income of $2.2 million $0.7 million and $3.9 million $0.9 million, respectively, was recognized from the Bickford notes receivables receivable for the nine three months ended September 30, 2023 March 31, 2024 and 2022, respectively. 2023. Reference Note 3 to the condensed consolidated financial statements included in this report.

Bickford

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 ("CPI"). 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 18 properties. Rental revenue will increase at a lease rate of 8.0% applied to the amount expended.

Cash Basis Operators

We placed Bickford have three tenants on cash basis of revenue recognition during the second quarter accounting for their leasing arrangements based on our assessment of 2022, based upon information we obtained from Bickford regarding its financial condition that raised substantial doubt as to its each tenant's ability to continue as a going concern. satisfy its obligations. Cash rent rents received from Bickford for the three and nine months ended September 30, 2023 was $8.6 million March 31, 2024 and $24.5 million, respectively, which excludes 2023 were as follows (*$ in thousands*):

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

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

We placed two additional operators on the cash basis of accounting for their leases during 2022. Rental income associated with these tenants totaled $3.4 million and $10.0 million, for the three and nine months ended September 30, 2023, respectively. 2023.

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	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
Senior Living Same-Store	9	82.3%	83.3%		83.5%	82.2%	81.9%
Senior Living	10	82.3%	83.2%		82.7%	81.4%	81.0%
Bickford Same-Store[1]	38	83.8%	85.0%	83.6%	81.3%	81.6%	83.8%
Bickford[2]	39	82.8%	84.6%	83.9%	81.6%	82.0%	84.2%
SHOP	15	76.5%	76.9%	75.8%	75.2%	75.5%	79.0%

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

[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' success, by eliminating the effects of an 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, 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 mortgages 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 June 30, 2023 December 31, 2023 and 2022 (the most recent periods available).

NHI Real Estate Investments Portfolio

By asset type	SHO	SNF	MEDICAL NON-SNF	TOTAL
Properties	89	68	1	158
2Q22	1.18x	2.47x	2.60x	1.66x
2Q22 Occupancy	83.7%	76.5%	74.1%	80.0%
2Q23	1.32x	2.62x	2.73x	1.84x
2Q23 Occupancy	84.6%	79.7%	76.5%	82.0%

Market served	Need Driven	Need Driven excl. Bickford	Discretionary	Discretionary excl. SLC	Medical	Medical excl. NHC
Properties	75	37	14	5	69	34
2Q22	1.01x	0.98x	1.38x	1.70x	2.47x	1.95x
2Q22 Occupancy	84.4%	84.9%	82.8%	84.9%	76.5%	68.8%
2Q23	1.26x	1.09x	1.38x	1.50x	2.62x	2.12x
2Q23 Occupancy	85.2%	87.0%	83.6%	84.5%	79.7%	72.2%

Major tenants	NHC[1]	SLC[2]	Bickford[2]
Properties	35	10	38
2Q22	3.24x	1.25x	1.04x
2Q22 Occupancy	82.8%	81.3%	83.7%
2Q23	3.29x	1.31x	1.45x
2Q23 Occupancy	86.0%	82.7%	82.9%

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%

[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.

[2] [3] There are no longer any significant PPP funds included in any of the coverages above. SLC Senor Living operates nine discretionary CCRC properties and one need driven need-driven assisted living community.

[4] Bickford coverage through pro forma coverages assuming the second full impact of the April 2024 rent reset are 1.37x for the TTM ended in the fourth quarter of 2023 represents coverage under and 1.19x for the restructured lease. TTM ended in the fourth quarter of 2022.

Coverage ratios may include amounts provided by state and federal government programs to support businesses, including health care 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. 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 health care healthcare providers. Our condensed consolidated financial statements Condensed Consolidated Statement of Income for the three and nine months ended September 30, 2023 reflect March 31, 2023 reflects impairment charges of our long-lived assets of approximately $1.2 million and $1.6 million, respectively. $0.3

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 September 30, 2023 March 31, 2024, that would require assessment for impairment.

We have established a reserve for estimated credit losses of $15.8 million $15.5 million and a liability of $0.3 million for estimated credit losses on unfunded loan commitments as of September 30, 2023 March 31, 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,		Period Change	
	2024	2023	$	%
Revenues:				
Rental income				
SHOs leased to Bickford	$ 9,364	$ 9,276	$ 88	
SHOs leased to Senior Living Management	639	914	(275)	
SHOs leased to Chancellor Health Care	1,278	1,969	(691)	
SNFs leased to NHC	11,192	10,115	1,077	10.6
Other new and existing leases	37,527	36,021	1,506	
Disposals and assets held for sale	485	2,587	(2,102)	
	60,485	60,882	(397)	

	Three Months Ended September 30,		Period Change	
	2023	2022	$	%
Revenues:				
Rental income				
SHOs leased to Bickford	$ 8,607	$ 6,953	$ 1,654	23.8 %
SHOs leased to Discovery Senior Living	2,662	1,737	925	53.3 %
SHOs leased to Chancellor Health Care	1,800	1,096	704	64.2 %
SHOs leased to Silverado Senior Living	699	—	699	NM
SNFs leased to NHC	9,484	8,787	697	7.9 %
Other new and existing leases	35,035	33,759	1,276	3.8 %
Current year disposals and assets held for sale	743	2,286	(1,543)	(67.5)%
	59,030	54,618	4,412	8.1 %

Straight-line rent adjustments, new and existing leases	Straight-line rent adjustments, new and existing leases	1,040	2,476	(1,436)	(58.0)%	Straight-line rent adjustments, new and existing leases	(308)	2,097	2,097	(2,405)	(2,405)	NM
Amortization of lease incentives	Amortization of lease incentives	(723)	(58)	(665)	NM	Amortization of lease incentives	(723)	(299)	(299)	(424)	(424)	NM
Escrow funds received from tenants for taxes and insurance	Escrow funds received from tenants for taxes and insurance	2,908	2,358	550	23.3 %	Escrow funds received from tenants for taxes and insurance	2,733	2,619	2,619	114	114	4.4
Total Rental Income	Total Rental Income	62,255	59,394	2,861	4.8 %	Total Rental Income	62,187	65,299	65,299	(3,112)	(3,112)	(4.8
Resident fees and services	Resident fees and services	12,367	12,013	354	2.9 %	Resident fees and services	13,256	11,700	11,700	1,556	1,556	13.3
Interest income and other	Interest income and other											
Encore Senior Living mortgage loan	Encore Senior Living mortgage loan	1,065	664	401	60.4 %							
Encore Senior Living mortgage loan												
Encore Senior Living mortgage loan							1,130		868		262	
Capital Funding Group	Capital Funding Group	809	—	809	NM	Capital Funding Group	1,432	985	985	447	447	45.4
Loan payoffs												
Loan payoffs												
Loan payoffs	Loan payoffs	—	648	(648)	(100.0)%		—	225	225	(225)	(225)	(100.0)
Other new and existing mortgages and notes	Other new and existing mortgages and notes	3,463	3,508	(45)	(1.3)%	Other new and existing mortgages and notes	3,380	3,230	3,230	150	150	4.6
Total Interest Income from Mortgage and Other Notes	Total Interest Income from Mortgage and Other Notes	5,337	4,820	517	10.7 %	Total Interest Income from Mortgage and Other Notes	5,942	5,308	5,308	634	634	11.9
Other income	Other income	147	71	76	NM	Other income	128	81	81	47	47	58.0
Total Revenues	Total Revenues	80,106	76,298	3,808	5.0 %	Total Revenues	81,513	82,388	82,388	(875)	(875)	(1.1
Expenses:	Expenses:											
Depreciation	Depreciation											
Depreciation												
Depreciation												
ALFs leased to Bickford												
ALFs leased to Bickford												
ALFs leased to Bickford	ALFs leased to Bickford	2,948	2,723	225	8.3 %		2,782	2,823	2,823	(41)	(41)	(1.5)
SHOs leased to Silverado												
SHOs leased to Silverado												

SHOs leased to Silverado	SHOs leased to Silverado	254	—	254	NM		254	170	170	84	84	49.4
Current year disposals and assets held for sale	Current year disposals and assets held for sale	—	416	(416)	(100.0)%	Current year disposals and assets held for sale	—	45	45	(45)	(45)	(100.0
Other new and existing assets	Other new and existing assets	14,313	14,394	(81)	(0.6)%	Other new and existing assets	14,469	14,579	14,579	(110)	(110)	(0.8
Total Depreciation	Total Depreciation	17,515	17,533	(18)	(0.1)%	Total Depreciation	17,505	17,617	17,617	(112)	(112)	(0.6
Interest	Interest	15,086	11,412	3,674	32.2 %	Interest	14,869	14,027	14,027	842	842	6.0
Senior housing operating expenses	Senior housing operating expenses	10,045	9,239	806	8.7 %	Senior housing operating expenses	10,314	9,799	9,799	515	515	5.3
Legal	Legal	67	88	(21)	(23.9)%	Legal	236	122	122	114	114	93.4
Non-cash share-based compensation expense		866	1,065	(199)	(18.7)%							
Franchise, excise and other taxes						Franchise, excise and other taxes	(187)		183		(370)	
Taxes and insurance on leased properties	Taxes and insurance on leased properties	2,908	2,358	550	23.3 %	Taxes and insurance on leased properties	2,733	2,619	2,619	114	114	4.4
Loan and realty losses		1,959	11,329	(9,370)	(82.7)%							
Other expenses		3,566	3,904	(338)	(8.7)%							
Loan and realty losses (gains)						Loan and realty losses (gains)	10		(418)		428	
General and administrative						General and administrative	5,642		5,653		(11)	
Total Expenses	Total Expenses	52,012	56,928	(4,916)	(8.6)%	Total Expenses	51,122	49,602	49,602	1,520	1,520	3.1
Income before investment and other gains and losses	Income before investment and other gains and losses	28,094	19,370	8,724	45.0 %	Income before investment and other gains and losses	30,391	32,786	32,786	(2,395)	(2,395)	(7.3
Gains on sales of real estate, net	Gains on sales of real estate, net	737	14,840	(14,103)	(95.0)%	Gains on sales of real estate, net	100	1,397	1,397	(1,297)	(1,297)	(92.8
Gain on operations transfer, net		—	19	(19)	(100.0)%							
Gains from equity method investment												
Gains from equity method investment												
Gains from equity method investment							166		—		166	
Other non-operating income		202	—	202	NM							
Net income												
Net income												
Net income	Net income	29,033	34,229	(5,196)	(15.2)%		30,657	34,183	34,183	(3,526)	(3,526)	(10.3)

Add: net loss attributable to noncontrolling interests	Add: net loss attributable to noncontrolling interests	313	239	74	31.0 %	Add: net loss attributable to noncontrolling interests	290	301	301	(11)	(11)	(3.7
Net income attributable to stockholders	Net income attributable to stockholders	29,346	34,468	(5,122)	(14.9)%	Net income attributable to stockholders	30,947	34,484	34,484	(3,537)	(3,537)	(10.3
Less: net income attributable to unvested restricted stock awards	Less: net income attributable to unvested restricted stock awards	(19)	—	(19)	NM	Less: net income attributable to unvested restricted stock awards	(32)	—	—	(32)	(32)	NM
Net income attributable to common stockholders	Net income attributable to common stockholders	$29,327	$34,468	$(5,141)	(14.9)%	Net income attributable to common stockholders	$30,915	$	$ 34,484	$	$(3,569)	(10.3)

NM - not meaningful

NM - not meaningful

NM - not meaningful

NM - not meaningful

Financial highlights for the three months ended September 30, 2023 March 31, 2024, compared to the same period of 2022, 2023, were as follows:

- Rental income recognized from our tenants increased $2.9 million decreased $3.1 million, or 4.8%, primarily as a result of an increase properties disposed of since March 2023 and a decrease in pandemic-related rent deferral repayments of approximately $2.0 million and $0.9 million, partially offset by new investments funded since September 2022, partially offset by properties disposed March 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 of since September 2022 and a reduction in straight-line rent receivable of $1.4 million. approximately $0.8 million related to the expected termination of an existing lease and re-tenanting of a SNF. See Note 3 to the condensed consolidated financial statements included in this report.

- Funds received for reimbursement of property operating expenses totaled $2.9 million $2.7 million for the three months ended September 30, 2023 March 31, 2024, compared to $2.4 million $2.6 million for the three months ended September 30, 2022 March 31, 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 in the reimbursement income and corresponding property expenses is due to increased amounts received from tenants and expenses paid on their behalf.

- Resident fees and services less senior housing operating expenses decreased $0.5 million increased $1.0 million, or 16% 55%, primarily due to increased operating expenses revenues from higher occupancy in our SHOP activities in the current year. period. See Note 5 to the condensed consolidated financial statements included in this report.

- Interest income from mortgages and other notes increased $0.5 million $0.6 million, or 10.7% 11.9%, primarily due to new and existing loan fundings, net of paydowns on loans.

- Interest expense increased $3.7 million $0.8 million, or 32.2% 6.0%, primarily as the result of increased interest rates, and offset by reduced borrowings on the unsecured revolving credit facility offset by and partial repayments of term loans. loans;

- Non-cash share-based compensation expense Franchise, excise and other taxes decreased $0.2 million, or 18.7%, $0.4 million due primarily to the reduced number of stock options granted refunds in the first quarter of 2023 compared to the prior year's grants. two states.

- Loan and realty losses were $2.0 million (gains) decreased $0.4 million associated with the decrease of the credit loss reserve of $0.7 million offset by real estate impairment charges on one property three properties of $1.2 million $0.3 million in the third first quarter of 2023 in our Real Estate Investments segment as described under the heading "*Assets Held for Sale and Long-Lived Assets"* in Note 3 to the condensed consolidated financial statements included in this report and an increase in the credit loss reserve of $0.8 million. During the third quarter of 2022, seven real estate properties were impaired resulting in a total of $9.5 million in impairment charges and an increase in credit loss reserve of $1.8 million.

- Gains on sales of real estate, net were $0.7 million primarily associated with the disposition of one property in the third quarter of 2023 included in the assets disposition table under the heading "*Assets Dispositions"* in Note 3 to the condensed consolidated financial statements included in this report. During the third quarter of 2022, we disposed of nine properties that resulted in a gain of approximately $14.8 million.

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

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Period Change $	Period Change %
Revenues:				
Rental income				
ALFs leased to Bickford	$ 26,003	$ 19,456	$ 6,547	33.7 %
SNFs leased to NHC	29,083	25,619	3,464	13.5 %
SHOs leased to Discovery	6,985	4,770	2,215	46.4 %
ALFs leased to Chancellor Health Care	3,477	1,456	2,021	NM
ALFs leased to Silverado	1,741	—	1,741	NM
EFCs leased to Senior Living Communities	36,627	35,407	1,220	3.4 %
SHOs leased to Holiday	—	15,588	(15,588)	(100.0)%
Other new and existing leases	66,292	63,420	2,872	4.5 %
Current year disposals and assets held for sale	5,346	9,503	(4,157)	(43.7)%
	175,554	175,219	335	0.2 %
Straight-line rent adjustments, new and existing leases	6,011	(11,360)	17,371	NM
Amortization of lease incentives	(1,798)	(7,477)	5,679	(76.0)%
Escrow funds received from tenants for taxes and insurance	8,738	7,553	1,185	15.7 %
Total Rental Income	188,505	163,935	24,570	15.0 %
Resident fees and services	35,860	24,005	11,855	49.4 %
Interest income and other				
Capital Funding Group	2,400	—	2,400	NM
Encore Senior Living	2,882	1,792	1,090	60.8 %
Loan payoffs	225	7,283	(7,058)	(96.9)%
Other new and existing mortgages and notes	10,220	10,286	(66)	(0.6)%
Total Interest Income from Mortgage and Other Notes	15,727	19,361	(3,634)	(18.8)%
Other income	278	223	55	24.7 %
Total Revenues	240,370	207,524	32,846	15.8 %
Expenses:				
Depreciation				
ALFs leased to Silverado	678	—	678	NM
SHOs leased to Holiday	—	2,326	(2,326)	(100.0)%
SHOP depreciation	6,757	4,245	2,512	59.2 %
Current year disposals and assets held for sale	268	2,422	(2,154)	(88.9)%
Other new and existing assets	45,159	44,584	575	1.3 %
Total Depreciation	52,862	53,577	(715)	(1.3)%
Interest	43,308	32,472	10,836	33.4 %
Senior housing operating expenses	29,525	18,352	11,173	60.9 %
Legal	364	2,254	(1,890)	(83.9)%
Non-cash share-based compensation expense	3,740	7,576	(3,836)	(50.6)%
Taxes and insurance on leased properties	8,738	7,553	1,185	15.7 %
Loan and realty losses	1,727	39,951	(38,224)	(95.7)%
Other expenses	11,093	11,011	82	0.7 %
Total Expenses	151,357	172,746	(21,389)	(12.4)%
Income before investment and other gains and losses	89,013	34,778	54,235	NM
Gains on sales of real estate, net	13,500	28,342	(14,842)	(52.4)%
Gain (loss) on operations transfer, net	20	(710)	730	NM
Gain on note receivable payoff	—	1,113	(1,113)	(100.0)%

Loss on early retirement of debt	(73)	(151)	78	(51.7)%
Gains from equity method investment	—	569	(569)	(100.0)%
Other non-operating income	202	—	202	NM
Net income	102,662	63,941	38,721	60.6 %
Add: net loss attributable to noncontrolling interests	946	599	347	57.9 %
Net income attributable to stockholders	103,608	64,540	39,068	60.5 %
Less: net income attributable to unvested restricted stock awards	(38)	—	(38)	NM
Net income attributable to common stockholders	$ 103,570	$ 64,540	$ 39,030	60.5 %

NM - not meaningful

Financial highlights for the nine months ended September 30, 2023, compared to the same period in 2022, were as follows:

- Rental income recognized from our tenants increased $24.6 million, or 15.0%, primarily as a result of a decrease in pandemic-related rent concessions granted of approximately $10.7 million and new investments funded since September 2022. Included in rental income for the nine months ended September 30, 2022 are write offs in the second quarter of 2022 of $18.1 million of straight-line rents receivable and $7.1 million of lease incentives related to placing Bickford on the cash basis of revenue recognition, partially offset by the recognition of the Holiday lease deposit and escrow of $15.7 million in prior year rental income.

- Resident fees and services less senior housing operating expenses increased $0.7 million, or 12%, primarily due to our SHOP activities that commenced on April 1, 2022. See Note 5 to the condensed consolidated financial statements included in this report.

- Interest income from mortgage and other notes decreased $3.6 million, or 18.8%, primarily due to paydowns on loans, net of new and existing loan fundings.

- Interest expense increased $10.8 million, or 33.4%, primarily as the result of increased interest rates and borrowings on the unsecured revolving credit facility, offset by partial repayments on term loans.

- Non-cash share-based compensation expense decreased $3.8 million, or 50.6%, due primarily to the reduced number of stock options granted in the first quarter of 2023 compared to the prior year's grants.

- Legal expenses decreased $1.9 million primarily related to the Welltower, Inc. litigation and transition activities for the legacy Holiday portfolio in the prior year.

- Loan and realty losses decreased $38.2 million primarily as a result of impairment charges on 15 real estate properties of $38.3 million in the nine months ended September 30, 2022, offset by a decrease in credit loss expense of $1.6 million compared to the same period in 2022. statements.

- Gains on sales of real estate, net decreased $14.8 million, for the nine months ended September 30, 2023, as compared to the same period $1.3 million. The gain recognized in the prior year. For the nine months ended September 30, 2023, we recorded $13.5 million in gains from dispositions first quarter of real estate assets as described under "*Asset Dispositions*" in Note 3 to the condensed consolidated financial statements included in this report. For the nine months ended September 30, 2022, we 2023 was associated with one property disposition. No properties were sold 22 properties generating gains on sales of real estate totaling $28.3 million.

- Gain (loss) on operations transfer, net represents the net impact upon terminating the master lease with Well Churchill Leasehold Owner, LLC, a subsidiary of Welltower, Inc., on April 1, 2022.

- Gain on note receivable payoff of $1.1 million reflects the prepayment fee from the early repayment of a $111.3 million mortgage note receivable in the second first quarter of 2022. 2024.

Liquidity and Capital Resources

At September 30, 2023 March 31, 2024, we had $495.0 million $451.5 million available to draw on our revolving credit facility, $16.6 million $11.4 million in unrestricted cash and cash equivalents, and the potential to access $500.0 million $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 the issuance of debt and 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. 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):*

	Nine Months Ended September 30,		One Year Change	
	2023	2022	$	%
Cash and cash equivalents and restricted cash, January 1	$ 21,516	$ 39,485	$(17,969)	(45.5)%
Net cash provided by operating activities	131,247	138,983	(7,736)	(5.6)%
Net cash (used in) provided by investing activities	(13,966)	247,143	(261,109)	(105.7)%
Net cash used in financing activities	(120,302)	(393,897)	273,595	(69.5)%
Cash and cash equivalents and restricted cash, September 30	$ 18,495	$ 31,714	$(13,219)	(41.7)%

	Three Months Ended March 31,		One Year Change	
	2024	2023	$	%
Cash and cash equivalents and restricted cash, January 1	$24,617	$21,516	$ 3,101	14.4 %
Net cash provided by operating activities	40,827	31,048	9,779	31.5 %
Net cash used in investing activities	(16,193)	(27,521)	11,328	(41.2) %
Net cash used in financing activities	(35,922)	(9,516)	(26,406)	NM
Cash and cash equivalents and restricted cash, March 31	$13,329	$15,527	$(2,198)	(14.2) %

NM - Not meaningful

Operating Activities – Net cash provided by operating activities for the nine three months ended September 30, 2023, which includes March 31, 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, was impacted by the disposition of nine senior housing properties for net proceeds of approximately $112.1 million since September 2022, offset by reduced pandemic-related rent concessions granted of approximately $10.7 million. completed.

Investing Activities – Net cash (used in) provided by used in investing activities for the nine three months ended September 30, 2023 March 31, 2024 was comprised primarily of proceeds from the sales of real estate of approximately $51.5 million and the collection of principal on mortgage and other notes receivable of approximately $11.2 million, offset by $79.2 million $19.0 million of investments in mortgage and other notes receivable and renovations and acquisitions of real estate and equipment. equipment and the collection of principal on mortgage and other notes receivable of approximately $2.6 million.

Financing Activities – Net cash used in financing activities for the nine three months ended September 30, 2023 differs March 31, 2024 differed from the same period in 2022 2023 primarily as a result of an approximately $123.0 million increase $24.5 million decrease in net borrowings, and a decrease of $8.8 million $2.0 million in proceeds from noncontrolling interests a decrease of the repurchase of common stock of approximately $152.0 million, a decrease in debt issuance cost of $1.9 million and a decrease in dividend payments approximately of $5.6 million over the same period in 2022. 2023.

Debt Obligations

As of September 30, 2023 March 31, 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 - On March 31, 2022, we entered into an Our unsecured bank credit facility consists of $700.0 million unsecured revolving credit agreement facility (the “2022 Credit Agreement”) providing us with a $700.0 million unsecured revolving credit facility, replacing our previous $550.0 million unsecured revolver. The credit facility provided by 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 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%. We incurred $4.5 million of deferred costs in connection with the 2022 Credit Agreement.

The 2022 Credit Agreement 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 September 30, 2023 March 31, 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.

In January 2023, we repaid the $125.0 million of the private placement notes due January 2023 primarily with proceeds from the revolving credit facility.

In November 2023, the $50.0 million of private placement notes due November 2023 were repaid primarily with proceeds from the revolving credit facility.

In the first quarter of 2023, we repaid $20.0 million of We have a term loan with a maturity of September 2023 (the “2023 Term Loan”). In June 2023, we entered into a two-year $200.0 million term loan agreement (the “2025 Term Loan”) bearing 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. The Company incurred approximately $2.7 million of deferred financing cost associated with this loan. The 2025 Term Loan proceeds were used to repay a portion of the remaining $220.0 million 2023 Term Loan balance, which was repaid in full in June 2023. The 2023 Term Loan accrued interest on borrowings consistent with the new 2025 Term Loan. Upon repayment, we expensed approximately $0.1 million of unamortized loan costs associated with this loan which are included in “*Loss on early retirement of debt*”.

As of September 30, 2023 March 31, 2024, the revolver and 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 6.47% 6.48% and 6.67% 6.68%, respectively. The facility fee was 25 bps per annum. At October 31, 2023 April 30, 2024, $194.0 million $228.5 million was outstanding under the revolving facility.

Interest Rate Schedule

The current SOFR spreads and facility fee for our revolving 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 September 30, 2023 March 31, 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 ("Moody's") announced on November 5, 2020 that it assigned an investment grade issuer reaffirmed its credit rating and a senior unsecured debt rating of 'Baa3' with a "Negative" Baa3 and "Stable" outlook to the Company. Moody's released a credit opinion Company on October 13, 2022 which affirmed the rating and revised the outlook to "Stable" for the Company. Both October 16, 2023. Fitch and S&P Global announced in November 2019 a reaffirmed its public issuer credit rating of BBB- with an and "Stable" outlook of "Stable." Fitch reaffirmed its rating most recently on April 10, 2023 the Company on April 5, 2024 and S&P Global reaffirmed its BBB- rating and "Stable" outlook on November 14, 2022 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 balance sheet with those in our peer group. We also believe our balance sheet gives us a competitive advantage when accessing debt markets.

We calculate our fixed charge coverage ratio as approximately 4.5x for the nine three months ended September 30, 2023 March 31, 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 for the three months ended September 30, 2023 March 31, 2024 (*$ in thousands*):

Consolidated Total Debt	$	1,144,438 1,139,266
Less: cash and cash equivalents		(16,579) (11,357)
Consolidated Net Debt	$	1,127,859 1,127,909
Adjusted EBITDA	$	63,441 64,259
Annualizing adjustment		190,323 192,778
Annualized impact of recent investments disposals and payoffs		473 842
	$	254,237 257,879
Consolidated Net Debt to Annualized Adjusted EBITDA		4.4x

Supplemental Guarantor Financial Information

The Company's $900.0 million bank credit facilities, unsecured private placement notes with an aggregate principal amount of $275.0 million $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
		September 30, 2023 March 31, 2024
Real estate properties, net	$	1,798,610 1,814,819
Other assets, net		340,039 364,120
Note receivable due from non-guarantor subsidiary		81,383 81,396
Totals assets	$	2,220,032 2,260,335
Debt	$	1,068,480 1,063,292
Other liabilities		70,700 68,650
Total liabilities	$	1,139,180 1,131,942
Redeemable noncontrolling interest	$	9,922 9,425
Noncontrolling interests	$	918 860

		Nine Three Months Ended
		September 30, 2023 March 31, 2024
Revenues	$	213,806 74,190
Interest revenue on note due from non-guarantor subsidiary		3,484 1,161
Expenses		136,602 46,591
Gains from equity method investee		166
Gains on sales of real estate		13,500 100
Net income	$	94,337 29,026
Net income attributable to NHI and the subsidiary guarantors	$	95,283 29,316

Equity

At September 30, 2023 March 31, 2024, we had 43,409,841 43,424,841 shares of common stock outstanding with a market value of $2.2 billion $2.7 billion. Equity on our Condensed Consolidated Balance Sheet totaled $1.3 billion at September 30, 2023 March 31, 2024.

Share Repurchase Plan - On February 17, 2023 February 16, 2024, our Board of Directors authorized a revised renewed our stock repurchase program (the "Revised Repurchase "Repurchase Plan") pursuant to which we may purchase up to $160.0 million in shares of our issued and outstanding common stock. The Revised Repurchase Plan is effective for a period of one year and does not require us to repurchase any specific number of shares. The Revised 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 during the three and nine months ended September 30, 2023. During 2022, cumulative repurchases through open market transactions totaled 2,468,354 shares of common stock for approximately $151.6 million. All shares received were constructively retired upon receipt, and reflected as a reduction to "*Retained earnings*" in the Consolidated Balance Sheet as of December 31, 2022. March 31, 2024 or 2023.

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 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 2023 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, 2023 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 nine three months ended September 30, 2023 March 31, 2024 and 2022: 2023:

Nine Three Months Ended September 30, 2023 March 31, 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

Three Months Ended March 31, 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

Nine Months Ended September 30, 2022			
Date of Declaration	Date of Record	Date Paid/Payable	Quarterly Dividend
November 5, 2021	December 31, 2021	January 31, 2022	$0.90
February 16, 2022	March 31, 2022	May 6, 2022	$0.90
May 6, 2022	June 30, 2022	August 5, 2022	$0.90
August 5, 2022	September 30, 2022	November 4, 2022	$0.90

On November 3, 2023 May 3, 2024, the Board of Directors declared a $0.90 per share dividend payable on August 2, 2024 to common stockholders of record on December 29, 2023, payable on January 26, 2024 as of June 28, 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 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 $21.4 million$6.5 million in corporate cash and cash equivalents on hand and $506.0 million $471.5 million in availability under our unsecured revolving credit facility as of October 31, 2023 April 30, 2024. Our expected material cash requirements for the twelve months ended September 30, 2024 March 31, 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.

We have mitigated our uninsured deposit risk for our cash and cash equivalents through the use of multiple demand deposit and money market accounts that are managed by our primary treasury management bank.

Contractual Obligations and Contingent Liabilities

As of September 30, 2023 March 31, 2024, our contractual payment obligations were as follows *($ in thousands)*:

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Total	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Debt, including interest[1]	$1,253,626	$103,630	$651,057	$101,297	$397,642
Loan commitments	43,419	13,674	29,745	—	—
Development commitments	4,322	4,322	—	—	—
	$1,301,367	$121,626	$680,802	$101,297	$397,642
$					

[1] Interest is calculated based on the weighted average interest rate of outstanding debt balances as of September 30, 2023 March 31, 2024. The calculation also includes a facility fee of 0.25%.

Commitments and Contingencies

The following tables summarize information as of September 30, 2023 March 31, 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	Type	Total	Funded	Remaining
Asset Class	Asset Class	Type	Total	Funded	Remaining
Loan Commitments:					
Bickford	SHO	Construction	$ 14,700	$ (14,700)	$ —
Encore Senior Living					
Encore Senior Living					
Encore Senior Living	SHO	Construction	50,725	(48,325)	2,400
Senior Living	SHO	Revolving Credit	20,000	(16,250)	3,750
Timber Ridge OpCo	SHO	Working Capital	5,000	—	5,000
Watermark Retirement	SHO	Working Capital	5,000	(2,476)	2,524
Montecito Medical Real Estate	MOB	Mezzanine Loan	50,000	(20,255)	29,745
			$145,425	$(102,006)	$ 43,419
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 September 30, 2023 March 31, 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.

	Asset Class	Type	Total	Funded	Remaining
Development Commitments:					
Woodland Village	SHO	Renovation	$ 7,515	$ (7,425)	$ 90
Watermark Retirement	SHO	Renovation	6,500	(6,500)	—
Navion	SHO	Renovation	3,500	(1,655)	1,845
Other	Various	Various	4,150	(2,150)	2,000
SHOP	ILF	Renovation	1,500	(1,113)	387

		$ 23,165	$ (18,843)	$ 4,322

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 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, $1.0 million has been committed as noted in the table below, and no funds have 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

[1] Includes $1.0 million of 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 September 30, 2023 March 31, 2024.

	Asset Class	Total	Funded	Remaining
	Asset Class			
	Asset Class			
	Asset Class	Total	Funded	Remaining
Contingencies (Lease Inducements): Contingencies (Lease Inducements):				
Timber Ridge OpCo	SHO	$10,000	$(10,000)	$ —
Wingate Healthcare	SHO	5,000	—	5,000
Navion Senior Solutions				
Navion Senior Solutions				
Navion Senior Solutions Navion Senior Solutions	SHO	4,850	(2,700)	2,150
Discovery Discovery	SHO	4,000	—	4,000
Ignite Medical Resorts Ignite Medical Resorts	SNF	2,000	—	2,000
IntegraCare IntegraCare	SHO	750	—	750
		$26,600	$(12,700)	$ 13,900
	$			

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 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. In addition, such claims may include, among other things professional liability and general liability claims, as well as regulatory proceedings relate to our SHOP segment. 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 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 nine three months ended September 30, 2023 increased $0.49 March 31, 2024 decreased $0.06, or 17.4% 4.8%, over the same period in 2022 2023 due primarily to the write-offs in 2022 disposals of Bickford's straight-line rents receivable and unamortized lease incentives totaling approximately $25.4 million, a reduction of legal fees and pandemic-related rent concessions since September 2022, partially properties offset by the recognition of the Holiday lease deposit and escrow of $15.7 million in prior year rental income, increased interest expense in 2023 and the repurchase of common stock in the prior year. new investments completed since March 31, 2023. 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 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 nine three months ended September 30, 2023 decreased $0.19, March 31, 2024 increased $0.01, or 5.5% 0.9%, over the same period in 2022. 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 nine three months ended September 30, 2023 decreased $15.6 million March 31, 2024 increased $3.2 million, or 9.97% 6.78%, over the same period in 2022 2023 due primarily to an increase in interest expense SHOP revenues and property dispositions completed a decrease in franchise, excise and other taxes since September 2022. March 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
	Three Months Ended
	Three Months Ended
	March 31,
	March 31,

	March 31,
	2024
	2024
	2024
Net income attributable to common stockholders	
Net income attributable to common stockholders	
Net income attributable to common stockholders	
Elimination of certain non-cash items in net income:	
Elimination of certain non-cash items in net income:	
Elimination of certain non-cash items in net income:	
Real estate depreciation	
Real estate depreciation	
Real estate depreciation	
Real estate depreciation related to noncontrolling interests	
Real estate depreciation related to noncontrolling interests	
Real estate depreciation related to noncontrolling interests	
Gains on sales of real estate, net	
Gains on sales of real estate, net	
Gains on sales of real estate, net	
Impairments of real estate	
Impairments of real estate	
Impairments of real estate	
NAREIT FFO attributable to common stockholders	
NAREIT FFO attributable to common stockholders	
NAREIT FFO attributable to common stockholders	

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income attributable to common stockholders	$ 29,327	$ 34,468	$ 103,570	$ 64,540
Elimination of certain non-cash items in net income:				
Real estate depreciation	17,380	17,467	52,507	53,511
Real estate depreciation related to noncontrolling interests	(396)	(394)	(1,187)	(998)
Gains on sales of real estate, net	(737)	(14,840)	(13,500)	(28,342)
Impairments of real estate	1,173	9,526	1,642	38,271
NAREIT FFO attributable to common stockholders	46,747	46,227	143,032	126,982
(Gain) loss on operations transfer, net	—	(19)	(20)	710
Portfolio transition costs, net of noncontrolling interests	—	—	—	329

Gain on note receivable payoff		—	—	—	(1,113)
Loss on early retirement of debt		—	—	73	151
Non-cash write-offs of straight-line receivable and lease incentives		—	1,001	—	28,403
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	Non-cash rental income	—	—	(2,500)	—
Normalized FFO attributable to common stockholders	Normalized FFO attributable to common stockholders	46,747	47,209	140,585	155,462
Normalized FFO attributable to common stockholders					
Normalized FFO attributable to common stockholders					
Straight-line lease revenue, net					
Straight-line lease revenue, net					
Straight-line lease revenue, net	Straight-line lease revenue, net	(1,040)	(3,477)	(6,011)	(10,020)
Straight-line lease revenue, net, related to noncontrolling interests	Straight-line lease revenue, net, related to noncontrolling interests	11	35	56	100
Straight-line lease revenue, net, related to noncontrolling interests					
Straight-line lease revenue, net, related to noncontrolling interests					
Non-real estate depreciation					
Non-real estate depreciation					
Non-real estate depreciation	Non-real estate depreciation	135	66	355	66
Non-real estate depreciation related to noncontrolling interests	Non-real estate depreciation related to noncontrolling interests	(13)	(4)	(32)	(4)
Non-real estate depreciation related to noncontrolling interests					
Non-real estate depreciation related to noncontrolling interests					
Amortization of lease incentives					
Amortization of lease incentives					
Amortization of lease incentives	Amortization of lease incentives	723	58	1,798	175
Amortization of lease incentive related to noncontrolling interests	Amortization of lease incentive related to noncontrolling interests	(127)	—	(307)	—

Amortization of lease incentive related to noncontrolling interests					
Amortization of lease incentive related to noncontrolling interests					
Amortization of original issue discount					
Amortization of original issue discount					
Amortization of original issue discount	Amortization of original issue discount	80	80	241	241
Amortization of debt issuance costs	Amortization of debt issuance costs	640	529	1,689	1,619
Amortization of debt issuance costs					
Amortization of debt issuance costs					
Amortization related to equity method investment					
Amortization related to equity method investment					
Amortization related to equity method investment	Amortization related to equity method investment	(425)	(167)	(1,126)	(572)
Straight-line lease expense related to equity method investment	Straight-line lease expense related to equity method investment	(4)	(2)	(11)	(13)
Note receivable credit loss expense		786	1,803	85	1,680
Straight-line lease expense related to equity method investment					
Straight-line lease expense related to equity method investment					
Note receivable credit loss expense (benefit)					
Note receivable credit loss expense (benefit)					
Note receivable credit loss expense (benefit)					
Non-cash share-based compensation					
Non-cash share-based compensation					
Non-cash share-based compensation	Non-cash share-based compensation	866	1,065	3,740	7,576
Equity method investment capital expenditures	Equity method investment capital expenditures	—	(105)	(210)	(315)
Equity method investment capital expenditures					
Equity method investment capital expenditures					
Equity method investment non-refundable fees received					
Equity method investment non-refundable fees received					
Equity method investment non-refundable fees received	Equity method investment non-refundable fees received	435	418	890	884

Equity method investment distributions	Equity method investment distributions	—	—	—	(569)
Senior housing portfolio recurring capital expenditures		(722)	(130)	(1,406)	(260)
Equity method investment distributions					
Equity method investment distributions					
SHOP recurring capital expenditures					
SHOP recurring capital expenditures					
SHOP recurring capital expenditures					
SHOP recurring capital expenditures related to noncontrolling interests	SHOP recurring capital expenditures related to noncontrolling interests	78	—	158	—
SHOP recurring capital expenditures related to noncontrolling interests					
SHOP recurring capital expenditures related to noncontrolling interests					
Normalized FAD attributable to common stockholders					
Normalized FAD attributable to common stockholders					
Normalized FAD attributable to common stockholders	Normalized FAD attributable to common stockholders	$ 48,170	$ 47,378	$ 140,494	$ 156,050
BASIC	BASIC				
BASIC					
BASIC					
Weighted average common shares outstanding					
Weighted average common shares outstanding					
Weighted average common shares outstanding	Weighted average common shares outstanding	43,388,841	44,339,975	43,388,779	45,236,696
NAREIT FFO attributable to common stockholders per share	NAREIT FFO attributable to common stockholders per share	$ 1.08	$ 1.04	$ 3.30	$ 2.81
NAREIT FFO attributable to common stockholders per share					
NAREIT FFO attributable to common stockholders per share					
Normalized FFO attributable to common stockholders per share					
Normalized FFO attributable to common stockholders per share					
Normalized FFO attributable to common stockholders per share	Normalized FFO attributable to common stockholders per share	$ 1.08	$ 1.06	$ 3.24	$ 3.44

DILUTED	DILUTED								
DILUTED									
DILUTED									
Weighted average common shares outstanding									
Weighted average common shares outstanding									
Weighted average common shares outstanding	Weighted average common shares outstanding		43,388,841		44,402,582		43,389,675		45,261,123
NAREIT FFO attributable to common stockholders per share	NAREIT FFO attributable to common stockholders per share	$	1.08	$	1.04	$	3.30	$	2.81
NAREIT FFO attributable to common stockholders per share									
NAREIT FFO attributable to common stockholders per share									
Normalized FFO attributable to common stockholders per share									
Normalized FFO attributable to common stockholders per share									
Normalized FFO attributable to common stockholders per share	Normalized FFO attributable to common stockholders per share	$	1.08	$	1.06	$	3.24	$	3.43

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
		Three Months Ended
		March 31,
		March 31,
		March 31,
	2024	
	2024	
	2024	
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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	$ 29,033	$ 34,229	$ 102,662	$ 63,941
Interest expense	15,086	11,412	43,308	32,472
Franchise, excise and other taxes	2	225	443	694
Depreciation	17,515	17,533	52,862	53,577
NHI's share of EBITDA adjustments for unconsolidated entities	583	713	1,783	1,287
Note receivable credit loss expense	786	1,803	85	1,680
Gains on sales of real estate, net	(737)	(14,840)	(13,500)	(28,342)
(Gain) loss on operations transfer, net	—	(19)	(20)	710
Gain on note receivable payoff	—	—	—	(1,113)
Loss on early retirement of debt	—	—	73	151
Impairments of real estate / Impairments of real estate	1,173	9,526	1,642	38,271
Non-cash write-off of straight-line rent receivable and lease inducements amortization	—	1,001	—	28,403

Impairments of real estate
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	—	—	(2,500)	—

Non-cash rental income
Non-cash rental income

Adjusted EBITDA					
Adjusted EBITDA					
Adjusted EBITDA	Adjusted EBITDA	$ 63,441	$ 61,583	$ 186,838	$ 191,731
Interest expense at contractual rates	Interest expense at contractual rates	$ 14,387	$ 10,821	$ 41,439	$ 30,640
Interest expense at contractual rates					
Interest expense at contractual rates					
Principal payments	Principal payments	101	290	303	290
Principal payments					
Principal payments					
Fixed Charges					
Fixed Charges					
Fixed Charges	Fixed Charges	$ 14,488	$ 11,111	$ 41,742	$ 30,930
Fixed Charge Coverage	Fixed Charge Coverage	4.4x	5.5x	4.5x	6.2x
Fixed Charge Coverage					
Fixed Charge Coverage					

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

Net Operating Income

Net operating income (“NOI”) 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 September 30		Nine Months Ended September 30	
NOI Reconciliations:	2023	2022	2023	2022
Net income	$ 29,033	$ 34,229	$ 102,662	$ 63,941
Other non-operating income	(202)	—	(202)	—
Gains from equity method investment	—	—	—	(569)
Loss on early retirement of debt	—	—	73	151
Gain on note receivable payoff	—	—	—	(1,113)
(Gain) loss on operations transfer, net	—	(19)	(20)	710
Gains on sales of real estate, net	(737)	(14,840)	(13,500)	(28,342)
Loan and realty losses	1,959	11,329	1,727	39,951
General and administrative	4,430	4,744	14,390	17,893
Franchise, excise and other taxes	2	225	443	694
Legal	67	88	364	2,254
Interest	15,086	11,412	43,308	32,472
Depreciation	17,515	17,533	52,862	53,577
Consolidated NOI	$ 67,153	$ 64,701	$ 202,107	$ 181,619
NOI by segment:				
Real Estate Investments	$ 64,684	$ 61,856	$ 195,494	$ 175,744
SHOP	2,322	2,774	6,335	5,653

Non-Segment/Corporate	147	71	278	222
Total NOI	$ 67,153	$ 64,701	$ 202,107	$ 181,619

	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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

At September 30, 2023 March 31, 2024, we were exposed to market risks related to fluctuations in interest rates on approximately $405.0 million $448.5 million of variable-rate indebtedness and on our mortgage and other notes receivable. The unused portion ($495.0 451.5 million at September 30, 2023 March 31, 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 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 September 30, 2023 March 31, 2024, net interest expense would increase or decrease annually by approximately $2.0 million $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			Mar		
	Balance1			Balance1	% of total	Rate2
Fixed rate:						
		September 30, 2023	December 31, 2022			
Private placement term loans - unsecured						

	Balance[1]	% of total	Rate[2]	Balance[1]	% of total	Rate[2]	Balance[1]	% of total	Rate[2]
Fixed rate:									
Private placement term loans - unsecured									
Private placement term loans - unsecured	$ 275,000	23.8 %	4.22 %	$ 400,000	34.5 %	4.15 %	$ 225,000	19.6 19.6 %	4.28 %
2031 Senior notes - unsecured	400,000	34.6 %	3.00 %	400,000	34.5 %	3.00 %	400,000	34.8 34.8 %	3.00 %
Fannie Mae term loans - secured, non-recourse	76,345	6.6 %	3.96 %	76,649	6.6 %	3.96 %			
Fannie Mae term loans - secured, non-recourse									
Fannie Mae term loans - secured, non-recourse							76,136	6.6 %	3.96 %
Variable rate:									
Bank term loans - unsecured	200,000	17.3 %	6.67 %	240,000	20.8 %	5.71 %			
Variable rate:									
Variable rate:									
Bank term loan - unsecured									
Bank term loan - unsecured									
Bank term loan - unsecured							200,000	17.4 %	6.68 %
Revolving credit facility - unsecured	205,000	17.7 %	6.47 %	42,000	3.6 %	5.51 %	248,500	21.6 21.6 %	6.48 %
Total	$1,156,345	100.0 %	4.60 %	$1,158,649	100.0 %	3.91 %	$ 1,149,636	100.0 %	4.71 %

[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 September 30, 2023 March 31, 2024 (*$ in thousands*):

	Balance[1]	Fair Value[2]	FV reflecting change in interest rates	
Fixed rate:			-50 bps	+50 bps
Private placement term loans - unsecured	$275,000	$261,545	$263,856	$259,266
2031 Senior notes	400,000	314,092	324,477	304,071
Fannie Mae term loans	76,345	73,042	73,598	72,492

	Balance[1]	Fair Value[2]	FV reflecting change in interest rates	
Fixed rate:			-50 bps	+50 bps

[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.

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

At September 30, 2023 March 31, 2024, the fair value of our mortgage and other notes receivable, discounted for estimated changes in the risk-free rate, was approximately $228.3 million $250.0 million. A 50 basis-point increase in market rates would decrease the estimated fair value of our mortgage and other loans by approximately $2.7 million, while a 50 bps decrease in such rates would increase their estimated fair value by approximately $2.8 million $2.6 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 Consumer Price Index ("CPI"). 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 September 30, 2023 March 31, 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 the design and operation of management's 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 September 30, 2023 March 31, 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 September 30, 2023 March 31, 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 health care 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 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. In addition, such claims may include, among other things professional liability and general liability claims, as well as regulatory proceedings related to our SHOP segment. 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, 2022, except as amended and supplemented by the additional risk factors below.

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

Although inflation has not materially impacted our operations in the recent past, inflation is at a 40-year high and beginning in March of 2022, the Federal Reserve began raising the federal funds rate in an effort to curb inflation. The Federal Reserve's action, coupled with other macroeconomic factors, may trigger a recession in the United States and/or globally. Increased inflation and interest rates could have an adverse impact on our variable rate debt, our ability to borrow money, and general and administrative expenses, as these costs could increase at a rate higher than our rental and other revenue. Increases in the costs of owning and operating our properties due to inflation could reduce our net operating income and the value of an investment in us to the extent such increases are not reimbursed or paid by our tenants. If we are materially impacted by increasing inflation because, for example, inflationary increases in costs are not sufficiently offset by the contractual rent increases and operating expense reimbursement provisions or escalations in the leases with our tenants, our results of operations could be adversely affected. In addition, due to rising interest rates, we may experience restrictions in our liquidity based on certain financial covenant requirements, our inability to refinance maturing debt in part or in full as it comes due and higher debt service costs and reduced yields relative to cost of debt. If we are unable to find alternative credit arrangements or other funding in a high interest environment, our financial results may be negatively impacted.

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 our prospects.

The funds in our accounts are held in banks or other financial institutions. Our cash held in non-interest bearing and interest-bearing accounts may periodically exceed any applicable Federal Deposit Insurance Corporation ("FDIC") insurance limits. Should events, including limited liquidity, defaults, non-performance or other adverse developments occur with respect to the banks or other financial institutions that hold our funds, or that affect financial institutions or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, our liquidity may be adversely affected. For example, on March 10, 2023, the FDIC announced that Silicon Valley Bank had been closed by the California Department of Financial Protection and Innovation. Although we did not have any funds in Silicon Valley Bank or other institutions that have been closed, we cannot guarantee that the banks or other financial institutions that hold our funds will not experience similar issues.

In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on terms favorable to us in connection with a potential business combination, or at all, and could have material adverse impacts on our liquidity, our business, financial condition or results of operations, and our prospects. December 31, 2023.

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

On February 17, 2023 February 16, 2024, our Board of Directors authorized (the "Revised the Repurchase Plan") Plan pursuant to which we may purchase up to $160.0 million 160,000,000 in shares of our issued and outstanding common stock. The Revised Repurchase Plan is effective for a period of one year and does not require us to repurchase any specific number of shares. The Revised 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 nine months ended September 30, 2023 March 31, 2024, no common stock was repurchased.

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 September 30, 2023 March 31, 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 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 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:	November 7, 2023 May 6, 2024	/s/ D. Eric Mendelsohn
		D. Eric Mendelsohn
		President, Chief Executive Officer and Director
		(duly authorized officer)
Date:	November 7, 2023 May 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: November 7, 2023 May 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: November 7, 2023 May 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 September 30, 2023 March 31, 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:	November 7, 2023 May 6, 2024	/s/ D. Eric Mendelsohn
		D. Eric Mendelsohn
		President, Chief Executive Officer and Director
		(Principal Executive Officer)

Date:	November 7, 2023 May 6, 2024	/s/ John L. Spaid
		John L. Spaid
		Chief Financial Officer
		(Principal Financial Officer)

DISCLAIMER

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