



Supplemental Information June 30, 2012

National Health Investors, Inc.
222 Robert Rose Drive
Murfreesboro, Tennessee 37129
Phone: (615) 890-9100
Fax: (615) 225-3030
www.nhireit.com
Email: investor_relations@nhireit.com

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CORPORATE

DISCLAIMER

This Supplemental Information and other materials we have filed or may file with the Securities and Exchange Commission, as well as information included in oral statements made, or to be made, by our senior management contain certain “forward-looking” statements as that term is defined by the Private Securities Litigation Reform Act of 1995. All statements regarding our expected future financial position, results of operations, cash flows, funds from operations, continued performance improvements, ability to service and refinance our debt obligations, ability to finance growth opportunities, and similar statements including, without limitations, those containing words such as “may”, “will”, “believes”, “anticipates”, “expects”, “intends”, “estimates”, “plans”, and other similar expressions are forward-looking statements.

Forward-looking statements involve known and unknown risks and uncertainties that may cause our actual results in future periods to differ materially from those projected or contemplated in the forward-looking. Such risks and uncertainties include, among other things, the following risks, which are described in more detail under the heading “Risk Factors” in Item 1A in our Form 10-K for the year ended December 31, 2011:

- We depend on the operating success of our customers (facility operators) for collection of our revenues during this time of uncertain economic conditions in the U.S.;
- We are exposed to the risk that our tenants and borrowers may become subject to bankruptcy or insolvency proceedings;
- We are exposed to risks related to governmental regulations and payors, principally Medicare and Medicaid, and the effect that lower reimbursement rates will have on our tenants' and borrowers' business;
- We are exposed to the risk that the cash flows of our tenants and borrowers will be adversely affected by increased liability claims and general and professional liability insurance costs;
- We are exposed to risks related to environmental laws and the costs associated with the liability related to hazardous substances;
- We are exposed to the risk that we may not be indemnified by our lessees and borrowers against future litigation;
- We depend on the success of future acquisitions and investments;
- We depend on the ability to reinvest cash in real estate investments in a timely manner and on acceptable terms;
- We may need to incur more debt in the future, which may not be available on terms acceptable to the Company;
- 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 depend on revenues derived mainly from fixed rate investments in real estate assets, while our debt capital used to finance those investments is primarily available at variable rates. This circumstance creates interest rate risk to the Company.
- We are exposed to the risk that our assets may be subject to impairment charges;
- We depend on the ability to continue to qualify as a real estate investment trust;
- We have ownership limits in our charter with respect to our common stock and other classes of capital stock;
- 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.

In this Supplemental Information, we refer to non-GAAP financial measures. These non-GAAP measures are not prepared in accordance with generally accepted accounting principles. A reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures is included in this presentation.

Throughout this presentation, certain abbreviations and acronyms are used to simplify the format. A list of definitions is provided at the end of this presentation to clarify the meaning of any reference that may be ambiguous.

COMPANY PROFILE

ANALYST COVERAGE

Stifel Nicolaus & Company, Inc.
 J.J.B. Hilliard, W.L. Lyons, LLC
 JMP Securities, LLC
 Wells Fargo Securities, LLC
 BMO Capital Markets Corp.
 KeyBanc Capital Markets, Inc.

INVESTOR RELATIONS CONTACT

Roger R. Hopkins, CPA
 rhopkins@nhireit.com
 (615) 890-9100 ext. 108

SENIOR MANAGEMENT

J. Justin Hutchens
 Chief Executive Officer and President

Roger R. Hopkins, CPA
 Chief Accounting Officer

Kristin S. Gaines
 Chief Credit Officer

BOARD OF DIRECTORS

W. Andrew Adams
 Venture Capital Investments

Robert A. McCabe, Jr.
 Pinnacle Financial Partners

Ted H. Welch
 Ted Welch Investments

J. Justin Hutchens
 National Health Investors, Inc.

Robert T. Webb
 Webb's Refreshments, Inc.

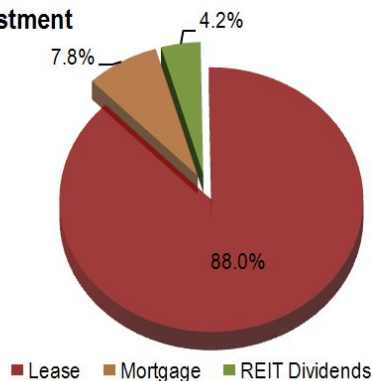
NATIONAL HEALTH INVESTORS, INC., a Maryland corporation incorporated in 1991, is a real estate investment trust ("REIT") which invests in income-producing health care properties primarily in the long-term care and senior housing industries. Our mission is to invest in health care real estate which generates current income that will be distributed to stockholders. We have pursued this mission by investing in leased properties and mortgage loans nationwide. These investments include skilled nursing facilities, assisted living facilities, medical office buildings, independent living facilities, and hospitals. We have funded these investments in the past through three sources of capital: (1) current cash flow, including principal prepayments from our borrowers, (2) the sale of equity securities, and (3) debt offerings, including bank lines of credit, the issuance of convertible debt instruments, and the issuance of ordinary debt.

Investor Snapshot as of June 30, 2012

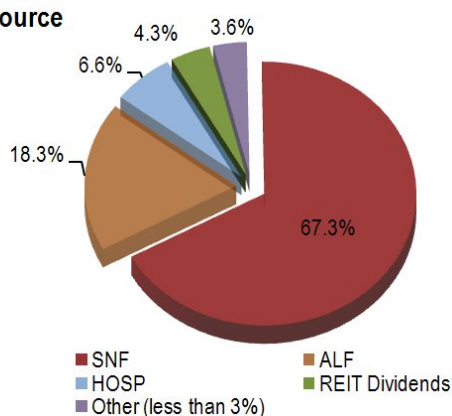
Exchange: NYSE	52 week Low/High: \$38.03 \$51.47	Market Capitalization: \$1.42 billion
Symbol: NHI	Dividend/Yield: \$2.60 5.11%	
Closing Price: \$50.92	Shares Outstanding: 27,806,129	

Revenue Snapshot as of June 30, 2012

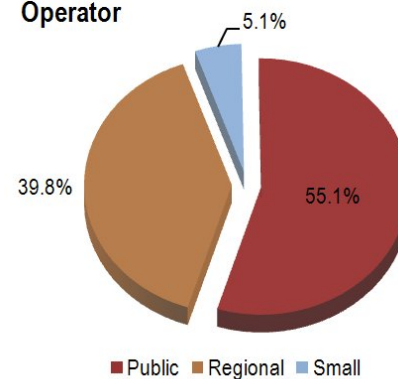
Investment



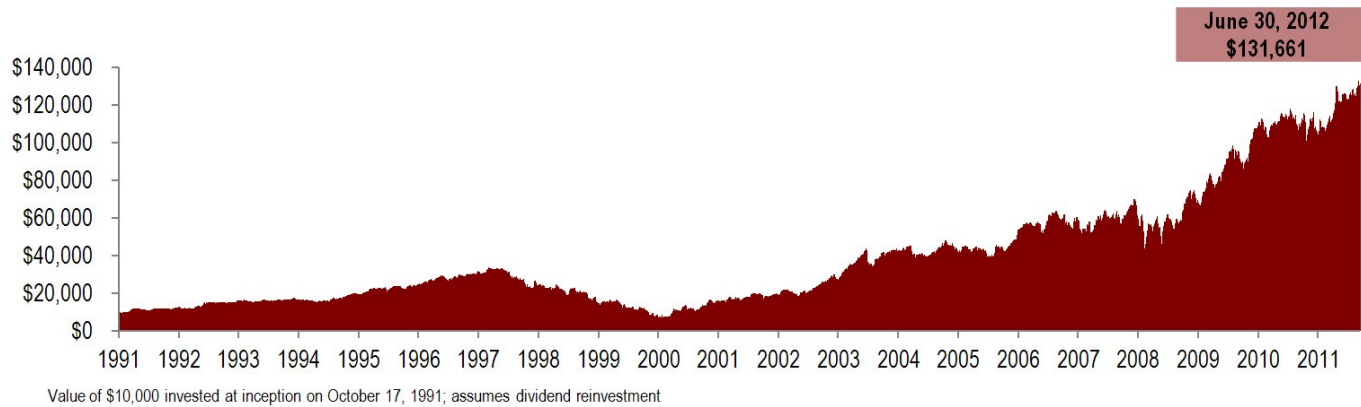
Source



Operator



LONG-TERM GROWTH



VALUE CREATION

Total Annual Return

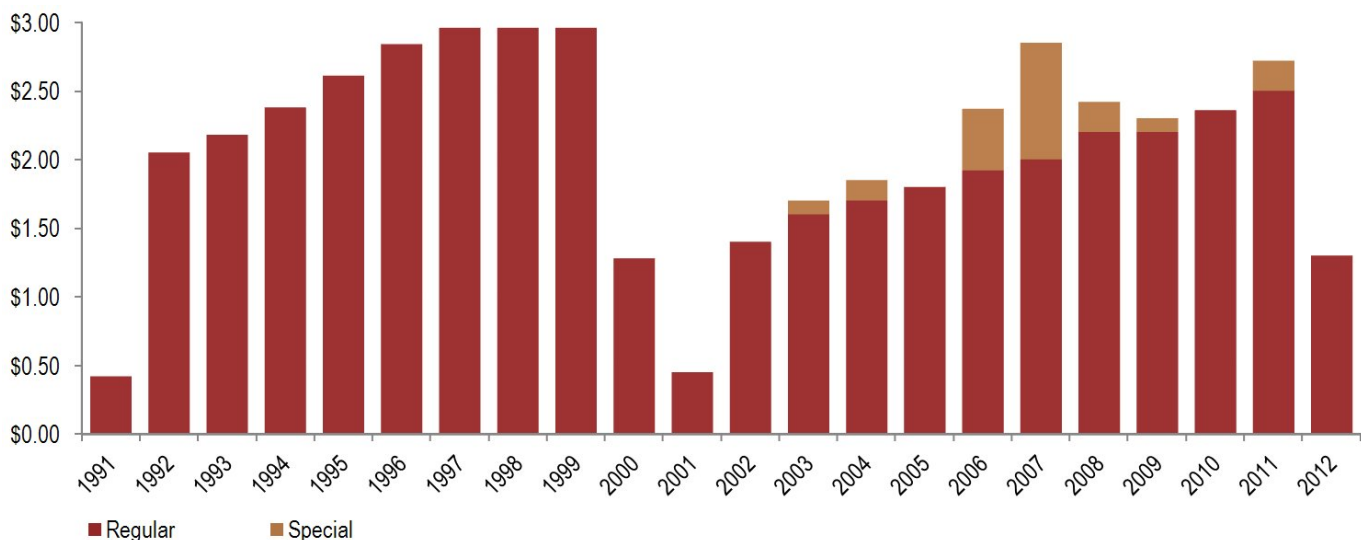
	NHI	S&P 500	NAREIT
1 year	21.69%	5.43%	12.56%
5 years	18.18%	0.22%	2.20%
10 years	20.93%	5.33%	9.61%
15 years	10.43%	4.77%	8.80%
Since inception*	13.40%	8.40%	10.81%

S&P 500 - Standard & Poor's index of 500 large-cap common stocks

NAREIT - FTSE NAREIT US Real Estate Index
Series of all publicly traded REITs

*since inception of NHI in Oct. '91

DIVIDEND HISTORY



The Board of Directors approves a regular quarterly dividend which is reflective of expected taxable income on a recurring basis. Company transactions that are infrequent and non-recurring that generate additional taxable income have been distributed to shareholders in the form of special dividends. Taxable income is determined in accordance with the Internal Revenue Code and differs from net income for financial statement purposes determined in accordance with US GAAP.

FINANCIAL

CONSOLIDATED BALANCE SHEETS

(in thousands, except share amounts)

	June 30, 2012	December 31, 2011
Assets:		
Real estate properties:		
Land	\$ 50,210	\$ 49,114
Buildings and improvements	499,681	487,396
Construction in progress	15,900	4,983
	<u>565,791</u>	<u>541,493</u>
Less accumulated depreciation	(153,459)	(146,698)
Real estate properties, net	412,332	394,795
Mortgage and other notes receivable, net	82,199	78,672
Investment in preferred stock, at cost	38,132	38,132
Cash and cash equivalents	9,800	15,886
Marketable securities	13,142	11,364
Accounts receivable, net	1,266	1,184
Straight-line rent receivable	9,782	8,706
Assets held for sale, net	29,381	29,381
Deferred costs and other assets	2,366	1,443
Total Assets	<u>\$ 598,400</u>	<u>\$ 579,563</u>
Liabilities and Stockholders' Equity:		
Debt	\$ 120,000	\$ 97,300
Real estate purchase liabilities	9,478	9,478
Accounts payable and accrued expenses	3,933	3,483
Dividends payable	18,074	24,144
Deferred income	1,643	1,673
Total Liabilities	<u>153,128</u>	<u>136,078</u>
Commitments and Contingencies		
Stockholders' Equity		
Common stock, \$.01 par value; 40,000,000 shares authorized; 27,806,129 and 27,751,208 shares issued and outstanding, respectively	278	278
Capital in excess of par value	467,357	465,678
Cumulative dividends in excess of net income	(30,510)	(29,652)
Accumulated other comprehensive income	8,147	7,181
Total Stockholders' Equity	<u>445,272</u>	<u>443,485</u>
Total Liabilities and Stockholders' Equity	<u>\$ 598,400</u>	<u>\$ 579,563</u>

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share and per share amounts)

	Three Months Ended June 30, 2012		Six Months Ended June 30, 2012	
	2012	2011	2012	2011
Revenues:				
Rental income	18,843	18,565	\$ 40,150	\$ 37,494
Mortgage interest income	1,847	1,634	3,549	3,230
Investment income and other	1,084	9,790	2,144	11,202
	21,774	29,989	45,843	51,926
Expenses:				
Depreciation	3,396	2,930	6,761	5,798
Interest expense	747	1,589	1,321	848
Legal expense	128	141	220	329
Franchise, excise and other taxes	229	194	354	482
General and administrative	1,593	1,293	4,379	5,137
	6,093	6,147	13,035	12,594
Income from continuing operations	15,681	23,842	32,808	39,332
Discontinued operations				
Income from operations - discontinued	1,247	1,275	2,470	2,579
Gain on sale of real estate	—	—	—	2,299
Income from discontinued operations	1,247	1,275	2,470	4,878
Net income	16,928	25,117	\$ 35,278	\$ 44,210
Weighted average common shares outstanding:				
Basic	27,792,834	27,708,136	27,784,469	27,702,432
Diluted	27,820,831	27,799,616	27,812,027	27,797,863
Earnings per common share:				
Basic:				
Income from continuing operations	\$.56	\$.86	\$ 1.18	\$ 1.42
Discontinued operations	.05	.04	.09	.17
Net income per common share	\$.61	\$.90	\$ 1.27	\$ 1.59
Diluted:				
Income from continuing operations	\$.56	\$.86	\$ 1.18	\$ 1.42
Discontinued operations	.05	.04	.09	.17
Net income per common share	\$.61	\$.90	\$ 1.27	\$ 1.59
Dividends declared per common share	\$.65	\$.615	\$ 1.30	\$ 1.23

FUNDS FROM OPERATIONS (FFO)

(in thousands, except share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net income	16,928	25,117	\$ 35,278	\$ 44,210
Elimination of certain non-cash items in net income:				
Real estate depreciation in continuing operations	3,043	2,712	6,068	5,386
Real estate depreciation in discontinued operations	—	17	—	34
Net gain on sale of real estate	—	—	—	(2,299)
Funds from operations	19,971	27,846	\$ 41,346	\$ 47,331
Gains on sales of marketable securities	(30)	(8,655)	(30)	(8,809)
Change in fair value of interest rate swap agreement	—	988	—	(266)
Write-offs and expenses due to early lease termination	297	—	297	—
Non-cash write-off of straight-line rent receivable	963	—	963	—
Acquisition costs under business combination accounting	95	—	95	—
Legal settlement	90	—	90	—
Normalized FFO	21,386	20,179	\$ 42,761	\$ 38,256
BASIC				
Weighted average common shares outstanding	27,792,834	27,708,136	27,784,469	27,702,432
FFO per common share	\$.72	\$ 1.00	\$ 1.49	\$ 1.71
Normalized FFO per common share	\$.77	\$.73	\$ 1.54	\$ 1.38
DILUTED				
Weighted average common shares outstanding	27,820,831	27,799,616	27,812,027	27,797,863
FFO per common share	\$.72	\$ 1.00	\$ 1.49	\$ 1.70
Normalized FFO per common share	\$.77	\$.73	\$ 1.54	\$ 1.38
FFO payout ratio:				
Dividends declared per common share	\$.65	\$.615	\$ 1.30	\$ 1.230
FFO per diluted common share	\$.72	\$ 1.00	\$ 1.49	\$ 1.70
	90.3%	61.5%	87.2%	72.4%

FUNDS AVAILABLE FOR DISTRIBUTION (FAD)

(in thousands, except share and per share amounts)

	Three Months Ended March 31,		Three Months Ended March 31,	
	2012	2011	2012	2011
Net income	\$ 16,928	\$ 25,117	\$ 35,278	\$ 44,210
Elimination of certain non-cash items in net income:				
Depreciation in continuing operations	3,396	2,930	6,761	5,798
Depreciation in discontinued operations	—	17	—	34
Net gain on sale of real estate	—	—	—	(2,299)
Straight-line lease revenue, net	(14)	(946)	(1,077)	(1,855)
Non-cash stock based compensation	248	273	1,679	2,645
Funds available for distribution	\$ 20,558	\$ 27,391	\$ 42,641	\$ 48,533
Gains on sales of marketable securities	(30)	(8,655)	(30)	(8,809)
Change in fair value of interest rate swap agreement	—	988	—	(266)
Write-offs and expenses due to early lease termination	297	—	297	—
Acquisition costs under business combination accounting	95	—	95	—
Legal settlement	90	—	90	—
Normalized FAD	\$ 21,010	\$ 19,724	\$ 43,093	\$ 39,458
BASIC				
Weighted average common shares outstanding	27,792,834	27,708,136	27,784,469	27,702,432
FAD per common share	\$.74	\$.99	\$ 1.53	\$ 1.75
Normalized FAD per common share	\$.76	\$.71	\$ 1.55	\$ 1.42
DILUTED				
Weighted average common shares outstanding	27,820,831	27,799,616	27,812,027	27,797,863
FAD per common share	\$.74	\$.99	\$ 1.53	\$ 1.75
Normalized FAD per common share	\$.76	\$.71	\$ 1.55	\$ 1.42
FAD payout ratio:				
Dividends declared per common share	\$.65	\$.615	\$ 1.30	\$ 1.230
FAD per diluted common share	\$.74	\$.99	\$ 1.53	\$ 1.75
	87.8%	62.1%	85.0%	70.3%

EBITDA RECONCILIATION AND INTEREST COVERAGE RATIO

(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net income	\$ 16,928	\$ 25,117	\$ 35,278	\$ 44,210
Interest expense ¹	747	601	1,321	1,114
Franchise, excise and other taxes	229	194	354	482
Depreciation	3,396	2,930	6,761	5,798
EBITDA	21,300	28,842	43,714	51,604
Interest expense	747	601	1,321	1,114
Interest Coverage Ratio	29:1	48:1	33:1	46:1

¹ excludes the change in fair value of an interest rate swap agreement in 2011

PORTFOLIO

PORTFOLIO SUMMARY as of June 30, 2012

	Properties	Beds/Units/ Sq. Ft.	Investment (NBV)	YTD Revenue	% of segment
Leases					
Skilled Nursing ¹	56	7,481	\$ 231,778,000	\$ 28,356,000	70.7%
Assisted Living	33	1,862	135,978,000	7,925,000	19.7%
Hospitals	3	181	32,973,000	2,391,000	6.0%
Independent Living	4	456	6,341,000	941,000	2.3%
Medical Office Buildings	2	88,517	4,542,000	537,000	1.3%
Total Leases	98		\$ 411,612,000	\$ 40,150,000	100.0%
¹ Skilled Nursing					
NHC facilities*	38	5,274	\$ 40,912,000	\$ 18,139,000	45.2%
All other facilities	18	2,207	190,866,000	10,217,000	25.5%
	56	7,481	\$ 231,778,000	\$ 28,356,000	70.7%

* On October 17, 1991, the NHC facilities were transferred to NHI at their then current book value in a non-taxable exchange.

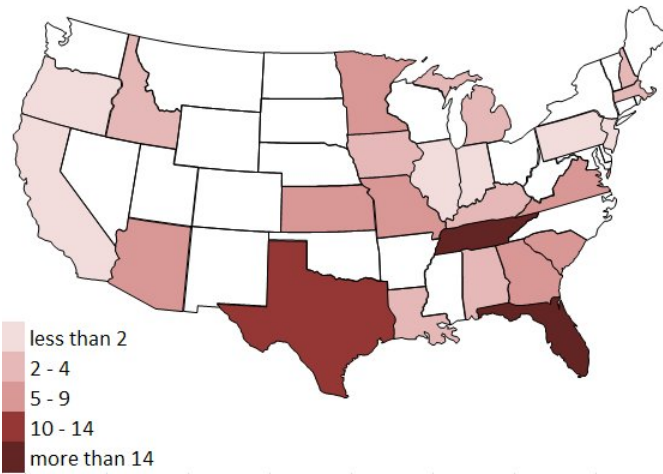
Mortgages and Other Notes Receivable

Skilled Nursing	26	2,605	\$ 57,976,000	\$ 2,375,000	67.0%
Assisted Living	3	266	7,091,000	420,000	11.8%
Hospital	1	70	11,870,000	600,000	16.9%
Other Notes Receivable	—	—	5,262,000	154,000	4.3%
Total Mortgages	30	2,941	\$ 82,199,000	\$ 3,549,000	100.0%

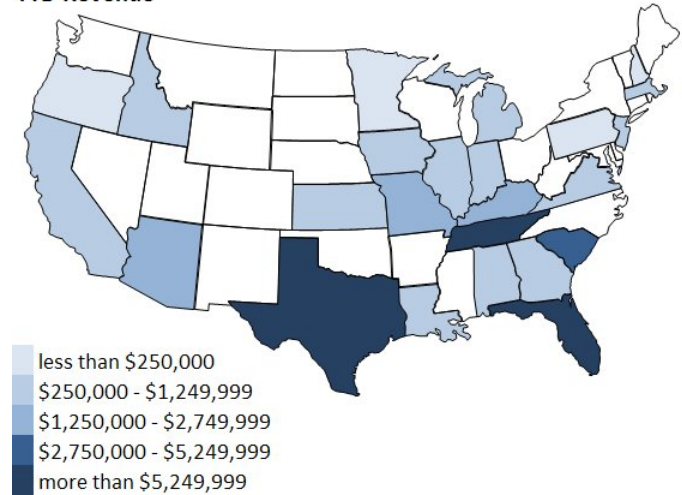
GEOGRAPHIC DISTRIBUTION as of June 30, 2012

	SNF	ALF	HOSP	ILF	MOB	TOTAL	YTD Revenue
Tennessee	20	3	1	2	—	26	\$ 9,231,000
Florida	10	7	—	—	1	18	8,478,000
Texas	10	—	—	—	1	11	6,517,000
South Carolina	4	1	—	—	—	5	3,367,000
Arizona	1	4	1	—	—	6	2,567,000
Kentucky	2	—	1	—	—	3	2,319,000
Missouri	8	—	—	1	—	9	1,543,000
Minnesota	—	5	—	—	—	5	15,000
Michigan	—	4	—	—	—	4	1,218,000
Alabama	2	—	—	—	—	2	1,137,000
Virginia	7	—	—	—	—	7	1,077,000
Georgia	5	1	—	—	—	6	1,170,000
California	—	—	1	—	—	1	930,000
New Jersey	—	1	—	—	—	1	686,000
Idaho	1	—	—	1	—	2	485,000
Louisiana	—	4	—	—	—	4	790,000
Massachusetts	4	—	—	—	—	4	345,000
Kansas	5	—	—	—	—	5	308,000
New Hampshire	3	—	—	—	—	3	209,000
Illinois	—	1	—	—	—	1	258,000
Pennsylvania	—	1	—	—	—	1	201,000
Iowa	—	2	—	—	—	2	355,000
Indiana	—	1	—	—	—	1	286,000
Oregon	—	1	—	—	—	1	53,000
	—	—	—	—	—	—	154,000
	82	36	4	4	2	128	\$ 43,699,000

Number of Facilities



YTD Revenue



LEASE RENEWAL YEARS AND MORTGAGE MATURITIES as of June 30, 2012

	2012	2013	2014	2015	2016 - 2019	2020 - 2023	Thereafter	TOTALS
Leases								
Skilled Nursing								
Annualized Revenue	\$ 299,000	\$ —	\$ 6,462,000	\$ —	\$ 417,000	\$ 37,326,000	\$ 13,426,000	\$ 57,930,000
Properties	1	—	6	—	1	39	9	56
Assisted Living								
Annualized Revenue	—	1,376,000	—	—	3,132,000	1,672,000	12,868,000	19,048,000
Properties	—	1	—	—	4	4	24	33
Medical Office Buildings								
Annualized Revenue	—	412,000	—	—	664,000	—	—	1,076,000
Properties	—	1	—	—	1	—	—	2
Independent Living								
Annualized Revenue	—	—	—	—	—	1,881,000	—	1,881,000
Properties	—	—	—	—	—	4	—	4
Hospitals								
Annualized Revenue	—	—	—	—	—	2,923,000	4,339,000	7,262,000
Properties	—	—	—	—	—	1	2	3
Total Annualized Revenues	\$ 299,000	\$ 1,788,000	\$ 6,462,000	\$ —	\$ 4,213,000	\$ 43,802,000	\$ 30,633,000	\$ 87,197,000
Mortgages								
Skilled Nursing								
Annualized Revenue	\$ 1,970,000	\$ 333,000	\$ 993,000	\$ 142,000	\$ —	\$ —	\$ 1,313,000	\$ 4,751,000
Properties	10	1	8	1	—	—	6	26
Assisted Living								
Annualized Revenue	—	—	434,000	—	407,000	—	—	841,000
Properties	—	—	2	—	1	—	—	3
Hospitals								
Annualized Revenue	—	—	—	1,200,000	—	—	—	1,200,000
Properties	—	—	—	1	—	—	—	1
Total Annualized Revenues	\$ 1,970,000	\$ 333,000	\$ 1,427,000	\$ 1,342,000	\$ 407,000	\$ —	\$ 1,313,000	\$ 6,792,000

DEFINITIONS

Annualized Revenue

The term *Annualized Revenue* refers to the amount of revenue that our portfolio would generate if all leases and mortgages were in effect for the twelve-month calendar year, regardless of the commencement date, maturity date, or renewals. Therefore, annualized revenue is used for financial analysis purposes, and is not indicative of actual or expected results.

EBITDA

Earnings before interest, taxes, depreciation and amortization

Facility Types

ALF - Assisted living facility

HOSP - Hospital

ILF - Independent living facility

MOB - Medical office building

SNF -Skilled nursing facility

Funds available for distribution - FAD

FAD represents net earnings available to common stockholders, excluding the effects of asset dispositions and straight-line rent adjustments, plus depreciation, stock based compensation and changes in the fair value of our interest rate swap agreement, if any. Our measure may not be comparable to similarly titled measures used by other REITs. Consequently, our 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 FAD, caution should be exercised when comparing our Company's FAD to that of other REITs. FAD in and of itself does not represent cash generated from operating activities in accordance with GAAP (FAD does not include changes in operating assets and liabilities) and therefore should not be considered an alternative to net earnings as an indication of operating performance, or to net cash flow from operating activities as determined by GAAP as a measure of liquidity, and is not necessarily indicative of cash available to fund cash needs.

Funds from operations - FFO

FFO is an important supplemental measure 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. FFO, as defined by the National Association of Real Estate Investment Trusts ("NAREIT") and applied by us, is net income (computed in accordance with GAAP), excluding gains (or losses) from sales of real estate property and impairment write-downs of depreciable real estate, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures, if any. Our measure may not be comparable to similarly titled measures used by other REITs. Consequently, our FFO 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 FFO, caution should be exercised when comparing our Company's FFO to that of other REITs. FFO in and of itself does not represent cash generated from operating activities in accordance with GAAP (FFO does not include changes in operating assets and liabilities) and therefore should not be considered an alternative to net earnings as an indication of operating performance, or to net cash flow from operating activities as determined by GAAP as a measure of liquidity, and is not necessarily indicative of cash available to fund cash needs.

Normalized FFO & Normalized FAD

Normalized FFO and Normalized FAD exclude from FFO and FAD, respectively, certain items which, due to their infrequent or unpredictable nature, may create some difficulty in comparing FFO and FAD for the current period to similar prior periods, and may include, but are not limited to, impairment of assets, gains and losses attributable to the acquisition and disposition of assets and liabilities, recoveries of previous write-downs, and changes in the fair value of interest rate swap agreements for those agreements that do not qualify for hedge accounting.

Investment (NBV)

The term *Investment (NBV)* refers to the net carrying value of our real estate and mortgage investments.

Total Annual Return

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