

NHI Provides Progress Report



November 8, 2021

Safe Harbor Statement

These slides 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 forward-looking statements that are based on current expectations, estimates, beliefs and assumptions. Words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates” and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or implied in the forward-looking statements.

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In this presentation we refer to non-GAAP financial measures. These non-GAAP measures are not prepared in accordance with generally accepted accounting principles. 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.



Summary of YTD Portfolio Optimization*

OBJECTIVES

Optimize Portfolio through Significant Asset Sales & Tenant Transitions



Reposition Bickford & legacy Holiday Portfolios to Thrive as Senior Housing Fundamentals Recover



Pivot to Growth with Low Levered Balance Sheet



ACTIONS AND OUTCOMES

- Completed approximately \$172.6 million in senior housing dispositions at cap rate of approximately 3.1% and LSCR* of 0.33x suggesting a strong “seller’s” market
- In negotiations on dispositions of an additional 21 underperforming communities valued at approximately \$150 million - \$155 million at a low single digit cap rate and minimal LSCR
- Bickford & legacy Holiday tenant concentration reduced significantly
- Largest tenants include well-covered SLC, NHC and Ensign

- Additional Bickford portfolio repositioning to 35 core properties significantly improves LSCR and occupancy
- Bickford rent reset in 2022 immediately improves tenant’s financial health and positions the operator for growth as margins recover from pandemic lows
- Additional Holiday portfolio repositioning to 15 core properties improves pro forma EBITDAR margin by approximately 500 bps; pro forma occupancy improves by approximately 270 bps
- Transitioning legacy Holiday properties to two best-in-class senior housing operators with significant experience in middle market independent living

- Formation of senior housing operating joint ventures comes at an opportune time to capture upside as properties recover from pandemic lows and strategically positions NHI by creating another pathway for external growth in senior housing
- Approximately \$34.0 million in total deferrals announced provide upside cash flow as senior housing fundamentals improve
- Despite deferrals and tenant non-payments, balance sheet leverage has declined and NHI has full capacity on its \$550.0 million revolver for accretive acquisitions with limited need to issue equity

* Calculations presented throughout this presentation are based on T3A results through June 30, 2021, unless otherwise noted; LSCR is after an assumed 5% management fee and \$500 per unit capex.

Bickford Restructuring Yields Healthier Tenant

Dispositions

Completed sale of 6 underperforming buildings for \$39.9 million with an NBV of \$34.6 million

LSCR on 6 dispositions was 0.17x

Cash rent associated with sale of \$5.9 million while NOI only \$1.0 million (2.5% yield)

Arbitrage creates annual cash savings of ~\$3.0 million to Bickford

Reduced NHI leased portfolio to Bickford from 48 to 42 properties

Further Portfolio Repositioning

NHI is deferring \$4.5 million in 4Q21 rent and up to \$4.0 million in 1Q22 rent

In process to sell another subset of 7 underperforming assets for approximately \$50 million

Dispositions have average occupancy of less than 70% low single digit or negative NOI margins

NHI maintains purchase option on Virginia Beach which would be added to master lease at 8% yield (net neutral to NHI's NOI)

Pro forma leased portfolio margins declined more than 500 bps during pandemic implying strong upside in the recovery

Rent Reset

In 2022, NHI will adjust rent on portfolio of 35 properties \$28.0 million and future option to add Virginia Beach

Adjusted rent implies LSCR coverage on 35 of 1.19x which provides excess cash flow to service \$26.0 million deferral balance

NHI obtains FMV rent reset after two years with a floor of 8% yield on NHI's original purchase price

85% of excess leased portfolio cash flow dedicated to paying down the deferral balance

Pro Forma Bickford

T3A through September 30, 2021

	Current	Pro Forma	Add V. Beach
Properties	42	35	36
Units	2,388	1,943	2,003
Occupancy	80.2%	82.5%	83.0%
Rent (\$ in '000's)	\$46,083	\$37,743	\$39,103
EBITDARM Coverage	0.96x	1.07x	1.09x
Lease Coverage	0.78x	0.88x	0.91x

Coverage Metrics Following Rent Reset

Properties	35	36
Target Rent (\$ in 000's)	\$28,000	\$29,360
EBITDARM Coverage	1.44x	1.46x
Lease Coverage* @ \$500/unit capex	1.19x	1.21x
Lease Coverage* @ \$2,000/unit capex	1.09x	1.11x

*Assumes 5% management fee

Holiday Transactions Overview

Asset Sales of Underperforming, Geographically Disparate Communities

- NHI sold 9 independent living communities with 1,030 units across 7 states for \$119.8 million with LSCR of 0.44x
- Annualized cash rent associated with these communities approximated \$9.0 million
- Negotiating the sale of 2 more properties with 190 units for approximately \$18.8 million representing an annualized cash rent of \$1.8 million

New Joint Venture Agreement with Merrill Gardens

- NHI will transition 6 Holiday assets and enter into a joint venture with Merrill Gardens to own and operate in a JV 6 independent living communities with 650 units in California and Washington
- Management agreement with Merrill Gardens includes base management fee as well as value creation and operating cash flow promotes which best align interests
- Annualized cash rent associated with these communities approximated \$10.0 million
- Annualized cash NOI margins for these 6 communities was approximately 37.0% for the trailing 12 months ended June 30th which compares to approximately 47.5% margin in pre-pandemic 2019 implying significant upside as that portfolio recovers

New Joint Venture Agreement with Discovery Senior Living

- NHI will transition 8 Holiday assets and enter into a joint venture with Discovery Senior to own and operate in a JV 8 independent living communities with 973 units in six states; potential to transition one additional property if NHI decides to maintain ownership
- Management agreement with Discovery includes base management fee as well as value creation and operating cash flow promotes which best align interests
- Annualized cash rent associated with these communities approximated \$11.4 million
- Annualized cash NOI margins for these communities was approximately 37.0% for the trailing 12 months ended June 30th which compares to approximately 45.5% in pre-pandemic 2019 implying significant upside as that portfolio recovers

Holiday Portfolio Optimization Creates Path for Rapid Recovery



Dispositions Create Healthier Core Portfolio

Average occupancy of dispositions 670 bps lower than remaining portfolio and LSCR significantly lower which implies significant margin discrepancy

Holiday dispositions significantly underperformed the pro forma portfolio both before and during the pandemic

	T3A through June 30, 2021		
	Legacy	Dispositions	Pro Forma
Properties	26	11	15 *
Units	3,074	1,221	1,853
Occupancy	73.8%	69.8%	76.5%
LSCR	0.63x	0.42x	0.73x

	2019		
	Legacy	Dispositions	Pro Forma
Properties	26	11	15 *
Units	3,074	1,221	1,853
Occupancy	87.9%	86.7%	88.8%
LSCR	1.04x	0.96x	1.08x

	Holiday East	
	Current	Pre-Pandemic
Properties	8	8
Units	973	972
Occupancy	76.3%	88.4%

	Holiday West	
	Current	Pre-Pandemic
Properties	6	6
Units	650	650
Occupancy	81.1%	92.1%

Significant Upside as Operations Recover

Significant upside to the new joint ventures as portfolios return to pre-pandemic margins

Over 1,200 bps occupancy decline in Holiday East and 1,100 bps occupancy decline in Holiday West due to the pandemic

Estimated decline in cash NOI in Holiday West and East due to the pandemic of \$6.0 million - \$8.0 million implies significant upside as performance recovers

*Includes Vero Beach which is an AL property that is being transferred to the Discovery master lease.

Completed & In Progress Dispositions (dollars in thousands)



Building / Tenant	Units	Buildings	Net Proceeds	Annualized Cash Rent	Annualized Cash NOI	% of Net Proceeds	Implied Cash Rent Yield	Implied Cash NOI Yield	EBITDARM Coverage
Bickford	247	6	\$39,924	\$5,923					
Holiday	1,030	9	119,799	8,998					
SLM Savannah Court	131	1	12,847	1,360					
Total Senior Housing	1,408	16	\$172,570	\$16,281	\$5,418	46.8%	9.4%	3.1%	0.50x
Trustpoint Hospital	217	1	\$31,215	\$2,815					
North Okaloosa	NA	1	3,887	314					
Kentucky River	55	1	8,314	3,544					
Total Hospital & MOB	272	3	\$43,416	\$6,673	\$3,057	11.8%	15.4%	7.0%	2.29x
Total Completed Dispositions	1,680	19	\$215,986	\$22,953	\$8,475	58.6%	10.6%	3.9%	1.02x
Total In Progress SH Dispositions *	1,556	21	\$152,650	\$16,965	\$1,657	41.4%	11.1%	1.1%	0.31x
Total Completed & In Progress	3,236	40	\$368,636	\$39,918	\$10,133	100.0%	10.8%	2.7%	0.71x

*Net proceeds based on management's best estimates at time of publication.

Optimization Efforts Transforming NHI Into a Stronger Company

Significant Actions Taken in 2021 Impact Over 50% of Properties in NHI Portfolio;
Completed ~59% of SH Disposition Program and Expect Conclusion in 1Q 2022

Closed on sale of 16 underperforming senior housing properties for \$172.6 million at a 3.1% cap rate

In process to dispose of \$150 million - \$155 million in additional underperforming senior housing properties at a low single digit cap rates

Transitioning legacy Holiday properties to two sophisticated managers which provides another avenue for growth under SHOP structures

Finalizing a rent restructure with Bickford that significantly improves operator's financial health

Bickford rent reduction stabilizes the tenant and improves ability to payback \$26.0 million deferral balance; lease includes a FMV rest after 2 years

Favorable Outcomes in a Difficult Environment Position NHI to Pivot to Growth in 2022

Dispositions, tenant transitions, rent restructuring and deferrals have impacted over half of NHI's 242 properties entering 2021

Despite industry challenges, NHI has generated cash NOI equivalent to 93% of contractual NOI since the pandemic began

Bickford and legacy Holiday tenant concentrations both significantly reduced

Balance sheet strength with leverage under 5.0x, well covered dividend, and full revolver capacity

NHI pivoting to growth in 2022 with significant balance sheet capacity to add accretive acquisitions with limited need for new equity

Definitions

Cap rate

For this presentation we define the term cap rate as the trailing three month annualized property level net operating income divided by the sales price of the property.

Cash NOI

Cash NOI refers to cash based net operating expenses and is calculated cash revenue less cash expenses including management fees but excluding capital expenditures.

EBITDARM

EBITDARM is an acronym for earnings before interest, taxes, depreciation, amortization and management fees.

EBITDARM Coverage

EBITDARM coverage is a ratio that compares property level EBITDARM to contractual cash rent.

LSCR

LSCR is an acronym that refers to lease coverage ratio. The lease coverage ratio compares property level cash flow after an assumed 5% management fee and \$500 per unit in capital expenditures to contractual cash rent.

T3A

T3A is a term that refers to the trailing three months annualized. It is calculated by multiplying the relevant item (rent, revenue, expenses or cash NOI) by four.

