

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Check this box if no longer
subject to Section 16. Form 4 or
Form 5 obligations may continue.
See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility
Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

| | | |
|--|---|--|
| 1. Name and Address of Reporting Person* Ernest G. Burgess III 7097 Franklin Road Murfreesboro TN 37128 | 2. Issuer Name and Ticker or Trading Symbol National Health Realty, Inc. [NHR] | 5. Relationship of Reporting Person(s) to Issuer (check all applicable) <input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) |
| | 3. Date of Earliest Transaction Required to be Reported (Month/Day/Year) 05/12/2005 | |
| | 4. If amendment, Date Original Filed (Month/Day/Year) | 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More Than One Reporting Person |

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (mm/dd/yy) | 2A. Deemed Execution Date, if any (mm/dd/yy) | 3. Transaction Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, & 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3, & 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|------------------------------------|--------------------------------------|---|--------------------------------------|---|---|------------------|--------|--|--|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Shares of Common Stock | 05/12/2005 | | M | | 5,000 | A | \$6.50 | 145,000 | D | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Form 4 (cont.)
Name and Address of Reporting Person
Ernest G. Burgess III
7097 Franklin Road
Murfreesboro TN 37128

Issuer Name and Ticker or Trading Symbol
National Health Realty, Inc. [NHR]

Period Of Report
05/12/2005

**Table II -Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (mm/dd/yy) | 3A. Deemed Execution Date, if any (mm/dd/yy) | 4. Transaction Code (Instr. 8) | | 5. No. of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, & 5) | | 6. Date Exercisable and Expiration Date (mm/dd/yy) | | 7. Title and Amount of Underlying Securities (Instr. 3 & 4) | | 8. Price of Derivative Security (Instr. 5) | 9. No. of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3, & 4) | 10. Ownership Form of Derivative Securities: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------|--|--------------------------------|---|--|-------|--|-----------------|---|----------------------------|--|--|--|--|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | | | |
| Option to Purchase Common Stock | \$6.50 | 05/12/2005 | | M | | | 5,000 | 05/24/2000 | 05/23/2005 | Common Stock | 5,000 | \$6.50 | 0 | D | |
| Option to Purchase Common Stock | \$10.74 | | | | | | | 04/26/2001 | 04/25/2006 | Common Stock | 5,000 | | 5,000 | D | |
| Option to Purchase Common Stock | \$16.95 | | | | | | | 04/16/2002 | 04/15/2007 | Common Stock | 5,000 | | 5,000 | D | |
| Option to Purchase Common Stock | \$14.80 | | | | | | | 04/24/2003 | 04/23/2008 | Common Stock | 5,000 | | 5,000 | D | |
| Option to Purchase Common Stock | \$16.50 | | | | | | | 04/20/2004 | 04/19/2009 | Common Stock | 5,000 | | 5,000 | D | |
| Option to Purchase Common Stock | \$19.25 | | | | | | | 05/03/2005 | 05/02/2010 | Common Stock | 5,000 | | 5,000 | D | |

Explanation of Responses:

Form 4 (cont.)
Name and Address of Reporting Person
Ernest G. Burgess III
7097 Franklin Road
Murfreesboro TN 37128

Issuer Name and Ticker or Trading Symbol
National Health Realty, Inc. [NHR]

Period Of Report
05/12/2005

By: Ernest G. Burgess III, by Ann S. Benson, Power of Attorney 5/12/2005
Date
**Signature of Reporting Person

**Intentional misstatements or omissions of facts constitute Federal Criminal Violations.

See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, See Instruction 6 for procedure.

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