

OMEGA HEALTHCARE INVESTORS, INC.
FUNDS FROM OPERATIONS
Unaudited
(In thousands, except per share amounts)

		Three Months Ended March 31, 2016
Net income	\$	58,196
Deduct gain from real estate dispositions		(1,571)
Sub-total.....	\$	56,625
Elimination of non-cash items included in net income:.....		
Depreciation and amortization.....		62,433
Add back non-cash provision for impairments on real estate properties.....		34,558
Funds from operations	\$	153,616
Weighted-average common shares outstanding, basic.....		188,228
Restricted stock and PRSUs.....		1,175
OP units.....		8,947
Weighted-average common shares outstanding, diluted.....		198,350
Funds from operations per share	\$	0.7745
Adjusted funds from operations:		
Funds from operations available to common stockholders.....	\$	153,616
Deduct one-time revenue.....		(235)
Add back non-cash provision for uncollectible mortgages, notes and accounts receivable.....		5,124
Add back one-time interest refinancing expense.....		298
Add back acquisition and merger related costs.....		3,771
Add back stock-based compensation expense.....		2,778
Adjusted funds from operations	\$	165,352
Adjusted funds from operations per share	\$	0.8336

Funds From Operations (“FFO”), Adjusted FFO and Adjusted Funds Available for Distribution (“FAD”) are non-GAAP financial measures. For purposes of the Securities and Exchange Commission’s Regulation G, a non-GAAP financial measure is a numerical measure of a company’s historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable financial measure calculated and presented in accordance with GAAP in the statement of operations, balance sheet or statement of cash flows (or equivalent statements) of the company, or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable financial measure so calculated and presented. As used in this press release, GAAP refers to generally accepted accounting principles in the United States of America. Pursuant to the requirements of Regulation G, the Company has provided reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

The Company calculates and reports FFO in accordance with the definition and interpretive guidelines issued by the National Association of Real Estate Investment Trusts (“NAREIT”), and consequently, FFO is defined as net income available to common stockholders, adjusted for the effects of asset dispositions and certain non-cash items, primarily depreciation and amortization and impairments on real estate assets. The Company believes that FFO, Adjusted FFO and FAD are important supplemental measures of its operating performance. 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, while real estate values instead have historically risen or fallen with market conditions. The term FFO was designed by the real estate industry to address this issue. FFO described herein is not necessarily comparable to FFO of other real estate investment trusts, or REITs, that do not use the same definition or implementation guidelines or interpret the standards differently from the Company.

The Company uses FFO, Adjusted FFO and FAD among the criteria to measure the operating performance of its business. The Company further believes that by excluding the effect of depreciation, amortization, impairments on real estate assets and gains or losses from sales of real estate, all of which are based on historical costs and which may be of limited relevance in evaluating current performance, FFO can facilitate comparisons of operating performance between periods and between other REITs. The Company offers these measures to assist the users of its financial statements in analyzing its operating performance and not as measures of liquidity or cash flow. FFO, Adjusted FFO and FAD are not measures of financial performance under GAAP and should not be considered as measures of liquidity, alternatives to net income or indicators of any other performance measure determined in accordance with GAAP. Investors and potential investors in the Company’s securities should not rely on this measure as a substitute for any GAAP measure, including net income.

Adjusted FFO is calculated as FFO available to common stockholders excluding the impact of non-cash stock-based compensation and certain revenue and expense items identified above. FAD is calculated as Adjusted FFO less non-cash interest expense and non-cash revenue, such as straight-line rent. The Company believes these measures provide an enhanced measure of the operating performance of the Company’s core portfolio as a REIT. FAD is calculated as Adjusted FFO less non-cash interest expense and non-cash revenue, such as straight-line rent. The Company’s computation of adjusted FFO and FAD are not comparable to the NAREIT definition of FFO or to similar measures reported by other REITs, but the Company believes that they are appropriate measures for this Company.

Our ratios of Funded Debt to annualized EBITDA, Funded Debt to adjusted annualized EBITDA and Funded Debt to adjusted pro forma annualized EBITDA as of March 31, 2016 were 6.4x, 5.0x and 4.9x, respectively. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA eliminates items such as acquisition and merger related costs and stock-based compensation expense and adds back certain non-cash expenses, if any, to EBITDA. Adjusted pro forma EBITDA adds to adjusted EBITDA the incremental EBITDA from new investments made during the 1st quarter assuming an January 1 purchase date. EBITDA, adjusted EBITDA, adjusted pro forma EBITDA and related ratios are non-GAAP financial measures. Annualized EBITDA, adjusted annualized EBITDA and adjusted pro forma annualized EBITDA assume the current quarter results multiplied by four, and are not projections of future performance. Below is the reconciliation of EBITDA and adjusted EBITDA to net income.

OMEGA HEALTHCARE INVESTORS, INC.
EBITDA RECONCILIATION AND
DEBT COVERAGE RATIO CALCULATION
Unaudited
(In thousands)

	Three Months Ended March 31, 2016
Net income.....	\$ 58,196
Depreciation and amortization.....	62,433
Interest.....	39,652
Income taxes.....	247
EBITDA.....	\$ 160,528
Deduct gain on assets sold - net	(1,571)
Add back non-cash provision for impairments on real estate properties.....	34,558
Add back non-cash provision for uncollectible mortgages, notes and accounts receivable.....	5,124
Add back acquisition and merger related costs.....	3,771
Add back stock-based compensation expense.....	2,778
Adjusted EBITDA.....	\$ 205,188
Add incremental proforma EBITDA from new investments in 1st Quarter	6,189
Adjusted proforma EBITDA.....	\$ 211,377
DEBT.....	
Revolving line of credit.....	\$ 530,000
Term loans.....	1,100,000
Secured borrowings	235,895
Unsecured borrowings.....	2,370,000
FMV adjustment of assumption of debt	581
Premium/(discount) on unsecured borrowings (net).....	(17,284)
Total debt.....	\$ 4,219,192
Deduct balance sheet cash and cash equivalents.....	(9,407)
Net total debt.....	\$ 4,209,785
Deduct debt borrowed to fund UK acquisitions (1).....	(121,027)
Deduct FMV adjustment of assumption of debt	(581)
Add back discount (deduct premium) on unsecured borrowings (net).....	17,284
Adjusted total debt (aka Funded Debt).....	\$ 4,105,461
Funded Debt / annualized EBITDA	6.39 x
Funded Debt / adjusted annualized EBITDA	5.00 x
Funded Debt / adjusted pro forma annualized EBITDA.....	4.86 x

(1) On March 31, 2016, we borrowed \$121 million to prefund the UK acquisition of 10 facilities that closed on April 1, 2016. This amount was recorded in Other assets on the Consolidated Balance Sheets at March 31, 2016.

Our EBITDA to total interest expense ratio, adjusted EBITDA to total interest expense ratio and adjusted EBITDA to fixed charges as of March 31, 2016 were 4.0x, 5.2x and 5.0x, respectively. Fixed charge coverage is the ratio determined by dividing EBITDA by our fixed charges. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA eliminates items such as acquisition and merger related costs and stock-based compensation expense and adds back certain non-cash expenses, if any, to EBITDA.

Fixed charges consist of interest expense, amortization of other non-cash interest charges, amortization of deferred financing costs and refinancing costs. EBITDA, adjusted EBITDA and interest expense ratio are non-GAAP measures. Below is the reconciliation of EBITDA to net income.

OMEGA HEALTHCARE INVESTORS, INC.
EBITDA RECONCILIATION AND
FIXED CHARGE AND INTEREST COVERAGE RATIO CALCULATION
Unaudited
(In thousands)

		Three Months Ended
		March 31, 2016
Net income.....	\$	58,196
Depreciation and amortization.....		62,433
Interest.....		39,652
Income taxes.....		247
EBITDA.....	\$	160,528
Deduct gain on assets sold - net.....		(1,571)
Add back non-cash provision for impairments on real estate properties.....		34,558
Add back non-cash provision for uncollectible mortgages, notes and accounts receivable.....		5,124
Add back acquisition and merger related costs.....		3,771
Add back stock-based compensation expense.....		2,778
Adjusted EBITDA.....	\$	205,188
FIXED CHARGES.....		
Interest expense.....	\$	37,222
Amortization of non-cash deferred financing charges.....		2,132
Refinancing costs.....		298
Total interest expense.....	\$	39,652
Add: capitalized interest.....		1,720
Less: refinancing charges.....		(298)
Total fixed charges.....	\$	41,074
EBITDA / total interest expense ratio.....		4.0 x
Adjusted EBITDA / total interest expense ratio.....		5.2 x
Adjusted EBITDA / fixed charge coverage ratio.....		5.0 x

OMEGA HEALTHCARE INVESTORS, INC.
FUNDS AVAILABLE FOR DISTRIBUTION

Unaudited

(In thousands, except per share amounts)

	Three Months Ended March 31, 2016
Net income	\$ 58,196
Deduct gain on assets sold - net.....	(1,571)
Sub-total.....	\$ 56,625
Elimination of non-cash items included in net income:.....	
Depreciation and Amortization.....	62,433
Add back non-cash provision for impairments on real estate properties.....	34,558
Funds from operations	\$ 153,616
Adjustments:	
Deduct one-time revenue.....	(235)
Add back non-cash provision for uncollectible mortgages, notes and accounts receivable....	5,124
Add back one-time interest refinancing expense.....	298
Add back acquisition and merger related costs.....	3,771
Add back stock-based compensation expense.....	2,778
Adjusted funds from operations	\$ 165,352
Adjustments:	
Non-cash interest expense.....	2,100
Capitalized interest	(1,720)
Non-cash revenues	(17,209)
Funds available for distribution (FAD)	\$ 148,523
Weighted-average common shares outstanding, basic.....	188,228
Restricted stock and PRSUs.....	1,175
OP units.....	8,947
Weighted-average common shares outstanding, diluted	198,350
FAD per share, diluted	\$ 0.7488

Percentages of total debt to book capitalization, adjusted total debt to adjusted book capitalization and adjusted total debt to total market capitalization at March 31, 2016 were 51.0%, 50.4% and 37.2%, respectively. Adjusted total debt is total debt plus the discount or less the premium derived from the sale of unsecured borrowings and fair market value adjustment of assumed debt. Book capitalization is defined as total debt plus stockholders' equity. Adjusted book capitalization is defined as adjusted total debt plus stockholders' equity. Adjusted total debt, adjusted book capitalization and related ratios are non-GAAP financial measures. Total market capitalization is the total market value of our securities as of March 31, 2016 plus adjusted total debt.

OMEGA HEALTHCARE INVESTORS, INC.
BOOK AND MARKET CAPITALIZATION RATIO CALCULATIONS

Unaudited
(In thousands)

		At March 31, 2016
Revolving line of credit.....	\$	530,000
Term loans.....		1,100,000
Secured borrowings.....		235,895
Unsecured borrowings.....		2,370,000
FMV adjustment of assumption of debt		581
Premium/(discount) unsecured borrowings (net).....		(17,284)
Total debt.....	\$	4,219,192
Deduct debt borrowed to fund UK acquisitions (1).....		(121,027)
Deduct FMV adjustment of assumption of debt		(581)
Add back discount (deduct premium) on unsecured borrowings (net).....		17,284
Adjusted total debt.....	\$	<u>4,114,868</u>
 BOOK CAPITALIZATION.....		
Total debt.....	\$	4,219,192
Omega Stockholders' equity.....		3,693,035
Noncontrolling interest		359,498
Book capitalization.....	\$	8,271,725
Deduct debt borrowed to fund UK acquisitions (1).....		(121,027)
Deduct FMV adjustment of assumption of debt		(581)
Add back discount (deduct premium) on unsecured borrowings (net).....		17,284
Adjusted book capitalization.....	\$	<u>8,167,401</u>
 MARKET CAPITALIZATION.....		
Omega common shares and OP units outstanding at 3/31/2016.....		197,114
Market price of common stock at 3/31/2016.....	\$	35.30
Market capitalization of common stock at 3/31/2016.....		6,958,124
Market capitalization of publicly traded securities.....		6,958,124
Add adjusted total debt.....		4,114,868
Total market capitalization.....	\$	<u>11,072,992</u>
 Total debt / book capitalization.....		 <u>51.0%</u>
Adjusted total debt / adjusted book capitalization.....		<u>50.4%</u>
Adjusted total debt / total market capitalization.....		<u>37.2%</u>

(1) On March 31, 2016, we borrowed \$121 million to prefund the UK acquisition of 10 facilities that closed on April 1, 2016. This amount was recorded in Other assets on the Consolidated Balance Sheets at March 31, 2016.

OMEGA HEALTHCARE INVESTORS, INC.
YEAR-ENDED ADJUSTED EBITDA RECONCILIATION

Unaudited
(In thousands)

	Year Ended December 31,				
	2011	2012	2013	2014	2015
Net Income	\$ 52,606	\$ 120,698	\$ 172,521	\$ 221,349	\$ 233,315
Depreciation and amortization.....	100,337	112,983	128,646	123,257	210,703
Interest expense & refinancing costs.....	86,899	106,096	92,048	126,869	183,208
Provision for income taxes.....	-	-	-	-	1,211
EBITDA	239,842	339,777	393,215	471,475	628,437
Nursing home expenses.....	653	-	-	-	-
Acquisition costs.....	1,204	909	245	3,948	57,525
(Gain) loss on assets sold - net.....	(1,670)	(11,799)	1,151	(2,863)	(6,353)
One-time cash revenue.....	-	(536)	(1,405)	-	-
One-time non-cash deferred mortgage interest income.....	-	(236)	-	(585)	-
Provisions for real estate impairment.....	26,344	272	415	3,660	17,681
Provisions for uncollectible mortgages, notes and A/R.....	6,439	-	2,141	2,723	7,871
Restricted Stock amortization expense.....	6,037	5,942	5,942	8,592	11,133
Adjusted EBITDA	\$ 278,849	\$ 334,329	\$ 401,704	\$ 486,950	\$ 716,294
Proforma Acquisition Income.....	37,153	45,420	55,696	22,194	70,727
Adjusted Proforma EBITDA (1)	\$ 316,002	\$ 379,749	\$ 457,400	\$ 509,144	\$ 787,021
Cash Interest(2).....	\$ 81,643	\$ 95,822	\$ 100,459	\$ 119,153	\$ 147,213
Preferred Dividends.....	1,691	-	-	-	-
Total Fixed Charges	\$ 83,334	\$ 95,822	\$ 100,459	\$ 119,153	\$ 147,213
Adjusted EBITDA / Cash Fixed Charge coverage ratio	3.3 x	3.5 x	4.0 x	4.1 x	4.9 x
Adjusted Proforma EBITDA / Cash Fixed Charge coverage ratio	3.8 x	4.0 x	4.6 x	4.3 x	5.3 x

(1) Adjusted Proforma EBITDA assumes all new investments in each respective year had closed on January 1 of that respective year.

(2) Excludes interest refinance costs such as early extinguishment premiums.

OMEGA HEALTHCARE INVESTORS, INC.
YEAR-ENDED LEVERAGE RECONCILIATION

Unaudited
(In thousands)

	Year Ended December 31,				
	2011	2012	2013	2014	2015
Funded Debt					
Revolving Line of Credit - unsecured.....	\$ 272,500	\$ 158,000	\$ 326,000	\$ 85,000	\$ 230,000
2012 Term Loan - unsecured.....	-	100,000	200,000	-	-
2014 Term Loan - unsecured.....	-	-	-	200,000	200,000
2015 Acq. Term Loan - unsecured.....	-	-	-	-	200,000
2015 OP Term Loan - unsecured.....	-	-	-	-	100,000
2015 7 Yr Term Loan - unsecured.....	-	-	-	-	250,000
HUD Debt - secured (1).....	279,558	335,711	280,425	237,881	56,204
GEMSA - secured.....	-	-	-	-	180,000
Subordinated Debt - unsecured (2).....	20,000	20,000	20,000	20,000	20,000
High Yield Debt - unsecured.....	950,000	1,175,000	1,175,000	1,825,000	2,350,000
Total Funded Debt	\$ 1,522,058	\$ 1,788,711	\$ 2,001,425	\$ 2,367,881	\$ 3,586,204
Secured Funded Debt (1).....	279,558	335,711	280,425	237,881	236,204
Unsecured Funded Debt (2).....	1,242,500	1,453,000	1,721,000	2,130,000	3,350,000
Total Funded Debt	\$ 1,522,058	\$ 1,788,711	\$ 2,001,425	\$ 2,367,881	\$ 3,586,204
Total Funded Debt/Adjusted Proforma Annualized EBITDA (2)	4.8x	4.7x	4.4x	4.7x	4.6x
Secured Funded Debt/Adjusted Proforma Annualized EBITDA (2)	0.9x	0.9x	0.6x	0.5x	0.3x

- 1) HUD debt for December 31, 2014, 2013, 2012 and 2011 excludes 13.6 million, \$18.1 million, \$30.8 million and \$24.1 million of adjustments related to the acquisition date fair value premium, respectively
- 2) Subordinated debt for December 31, 2015, 2014, 2013, 2012 and 2011 excludes \$ 0.6 million, \$0.7 million, \$0.9 million, \$1.0 million and \$1.2 million of adjustments related to the acquisition date fair value premium, respectively
- 3) Unsecured borrowings for 2006 and 2007 excludes FIN 46 debt of \$39 millior