

Supplemental Information

Q4 2016

Omega Healthcare Investors, Inc. is a Real Estate Investment Trust ("REIT") providing financing and capital to the long-term healthcare industry with a particular focus on skilled nursing facilities located in the United States.

At December 31, 2016, the Company's portfolio of investments included 981 operating healthcare facilities, consisting of skilled nursing facilities, assisted living facilities and other specialty hospitals, located in 42 states (includes Manhattan 2nd Ave project) and the UK (35 facilities), and operated by 79 third-party healthcare operating companies.

As a source of capital to the healthcare industry, Omega continually evaluates the opportunities, trends and challenges affecting the industry. Our goal is to identify long-term investments in quality healthcare properties with outstanding operators that provide the most favorable risk/reward ratio to our investors.

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Executive Officers

Taylor Pickett, President and Chief Executive Officer
 Dan Booth, Chief Operating Officer
 Steven Insoft, Chief Corporate Development Officer
 Bob Stephenson, Chief Financial Officer
 Mike Ritz, Chief Accounting Officer

Board of Directors

Bernard J. Korman, Chairman
 Craig M. Bernfield
 Norman R. Bobins
 Craig R. Callen
 Barbara B. Hill
 Harold J. Kloosterman
 Edward Lowenthal
 Stephen D. Plavin
 Ben W. Perks
 Taylor Pickett

Analysts

Bank of America/Merrill Lynch	Juan Sanabria.....	646-855-1589
BTIG	Michael Gorman.....	646-562-1320
Goldman Sachs	Andrew Rosivach....	212-902-2796
Green Street Advisors	Michael Knott.....	949-640-8780
Hilliard Lyons	John Roberts.....	502-588-1165
Jefferies	Tayo Okusanya.....	212-336-7076
JMP Securities	Peter Martin.....	415-835-8900
Stifel Nicolaus	Chad Vanacore.....	518-587-2581
SunTrust	Eric Fleming.....	617-345-6536
UBS	Nicholas Yulico.....	212-713-3402
Wells Fargo	Todd Stender.....	212-214-8067

Stock Symbol: OHI Shares & Units Outstanding December 31, 2016: 205,004,847
 Exchange: NYSE CUSIP Number: 681936100

Contact Information

Omega Healthcare Investors, Inc.
 200 International Circle
 Suite 3500
 Hunt Valley, MD 21030
 (410) 427-1700 (Main)
 (866) 996-6342 (Investor Relations)
www.omegahc.com

Transfer Agent
 Computershare, Inc.
 P.O. Box 43078
 Providence, RI 02940
 (800) 368-5948

www.computershare.com

This supplement includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements regarding Omega's or its tenants', operators', borrowers' or managers' expected future financial condition, results of operations, cash flows, funds from operations, dividends and dividend plans, financing opportunities and plans, capital markets transactions, business strategy, budgets, projected costs, operating metrics, capital expenditures, competitive positions, acquisitions, investment opportunities, dispositions, merger integration, growth opportunities, expected lease income, continued qualification as a REIT, plans and objectives of management for future operations and statements that include words such as "anticipate," "if," "believe," "plan," "estimate," "expect," "intend," "may," "could," "should," "will" and other similar expressions are forward-looking statements. These forward-looking statements are inherently uncertain, and actual results may differ from Omega's expectations. Omega does not undertake a duty to update these forward-looking statements, which speak only as of the date on which they are made.

Omega's actual results may differ materially from those reflected in such forward-looking statements as a result of a variety of factors, including, among other things: (i) uncertainties relating to the business operations of the operators of Omega's properties, including those relating to reimbursement by third-party payors, regulatory matters and occupancy levels; (ii) regulatory and other changes in the healthcare sector; (iii) changes in the financial position of Omega's operators; (iv) the ability of any of Omega's operators in bankruptcy to reject unexpired lease obligations, modify the terms of Omega's mortgages and impede the ability of to collect unpaid rent or interest during the pendency of a bankruptcy proceeding and retain security deposits for the debtor's obligations; (v) the availability and cost of capital; (vi) changes in Omega's credit ratings and the ratings of its debt securities; (vii) competition in the financing of healthcare facilities; (viii) Omega's ability to maintain its status as a REIT; (ix) Omega's ability to manage, re-lease or sell any owned and operated facilities; (x) Omega's ability to sell closed or foreclosed assets on a timely basis and on terms that allow Omega to realize the carrying value of these assets; (xi) the effect of economic and market conditions generally, and particularly in the healthcare industry; (xii) risks relating to the integration of Aviv's operations and employees into Omega and the possibility that the anticipated synergies and other benefits of the combination with Aviv will not be realized or will not be realized within the expected timeframe; and (xiii) other factors identified in Omega's filings with the Securities and Exchange Commission. Statements regarding future events and developments and Omega's future performance, as well as management's expectations, beliefs, plans, estimates or projections relating to the future, are forward looking statements. Omega undertakes no obligation to update any forward-looking statements contained in this supplement.

Operator Information: This supplement includes information regarding the operators of our facilities such as EBITDAR and EBITDARM coverage ratios. The information related to operators that is provided in this supplement has been provided by the operators. We have not independently verified this information. We are providing this data for informational purposes only.

Non-GAAP Information: This supplement also contains certain non-GAAP financial information including EBITDA, Adjusted Total Debt (or Funded Debt), Adjusted Book Capitalization, FFO, Adjusted FFO, Funds Available for Distribution ("FAD"), Total Cash Fixed Charges and certain related ratios. A reconciliation of these non-GAAP disclosures is available in the Financial Performance section of this supplement.

Information is provided as of December 31, 2016, unless specifically stated otherwise. We assume no duty to update or supplement the information provided.

INVESTMENT SUMMARY

(\$ in thousands)

Balance Sheet Data	As of December 31, 2016					
	Total No. of Properties ⁽²⁾	Investment	% of Investment	Total No. of Operating Properties ⁽⁴⁾	No. of Operating Beds	
Real Property ⁽¹⁾	871	\$ 7,585,558	86%	878	88,539	
Direct Financing Leases	58	601,938	7%	57	5,695	
Loans Receivable	47	636,148	7%	46	4,975	
Total Investments	976	\$ 8,823,644	100%	981	99,209	

Investment Data	As of December 31, 2016					
	Total No. of Properties ⁽²⁾	Investment	% of Investment	Total No. of Operating Properties ⁽⁴⁾	No. of Operating Beds	Investment Per Bed
Skilled Nursing/Transitional Care ⁽¹⁾	863	\$ 7,551,529	86%	869	91,978	\$82
Senior Housing ⁽³⁾	113	1,272,115	14%	112	7,231	176
	976	\$ 8,823,644	100%	981	99,209	\$89

(1) Includes a \$19.2 million lease inducement and excludes \$52.9 million of assets (20 properties) classified as assets held for sale.

(2) Excludes properties classified as assets held for sale.

(3) Includes ALFs, memory care and independent living facilities.

(4) Excludes facilities which are non-operating, closed and/or not currently providing patient services.

REVENUE SUMMARY

(\$ in thousands)

Revenue by Investment Type	Three Months Ended			Twelve Months Ended		
	12/31/2016			12/31/2016		
Rental Property	\$	194,891	83%	\$	743,885	83%
Direct Financing Leases		15,724	7%		62,298	7%
Mortgage Notes		15,838	7%		69,811	7%
Other Investment Income & Misc Income		8,033	3%		24,833	3%
	\$	234,486	100%	\$	900,827	100%

Revenue by Facility Type	Three Months Ended			Twelve Months Ended		
	12/31/2016			12/31/2016		
Skilled Nursing / Transitional Care	\$	201,395	86%	\$	781,444	87%
Senior Housing		25,058	11%		94,550	10%
Other		8,033	3%		24,833	3%
	\$	234,486	100%	\$	900,827	100%

PAYOR MIX AND COVERAGE SUMMARY

Three Months Ended...	% Revenue Mix			Twelve Months Ended...	Occ. % ⁽¹⁾	Coverage Data	
	Medicaid	Medicare / Insurance	Private / Other			EBITDARM	EBITDAR
September 30, 2016	53.0%	35.8%	11.2%	September 30, 2016	82.1%	1.68x	1.31x
June 30, 2016	51.8%	37.5%	10.7%	June 30, 2016	82.1%	1.72x	1.34x
March 31, 2016	51.8%	38.6%	9.6%	March 31, 2016	82.2%	1.75x	1.37x
December 31, 2015	53.1%	37.5%	9.4%	December 31, 2015	82.5%	1.78x	1.40x
September 30, 2015	52.7%	37.2%	10.1%	September 30, 2015	81.9%	1.79x	1.40x

(1) Based on available (operating) beds.

REVENUE CONCENTRATION BY OPERATOR

(\$ in thousands)

	No. of Properties ⁽¹⁾	Revenue ⁽²⁾	% Revenue
1 Ciena	68	\$ 82,114	10%
2 Signature	63	61,869	7%
3 Genesis	55	58,637	7%
4 ARK	58	53,789	6%
5 Communicare	32	45,319	5%
6 Saber	47	42,236	5%
7 HHC	44	34,544	4%
8 Maplewood	13	32,980	4%
9 Guardian	31	29,320	4%
10 Diversicare	35	28,041	3%
Remaining 69 Operators	535	376,254	45%
	981	\$ 845,102	100%

(1) Total Number of Properties excludes facilities which are non-operating, closed and/or not currently providing patient services.

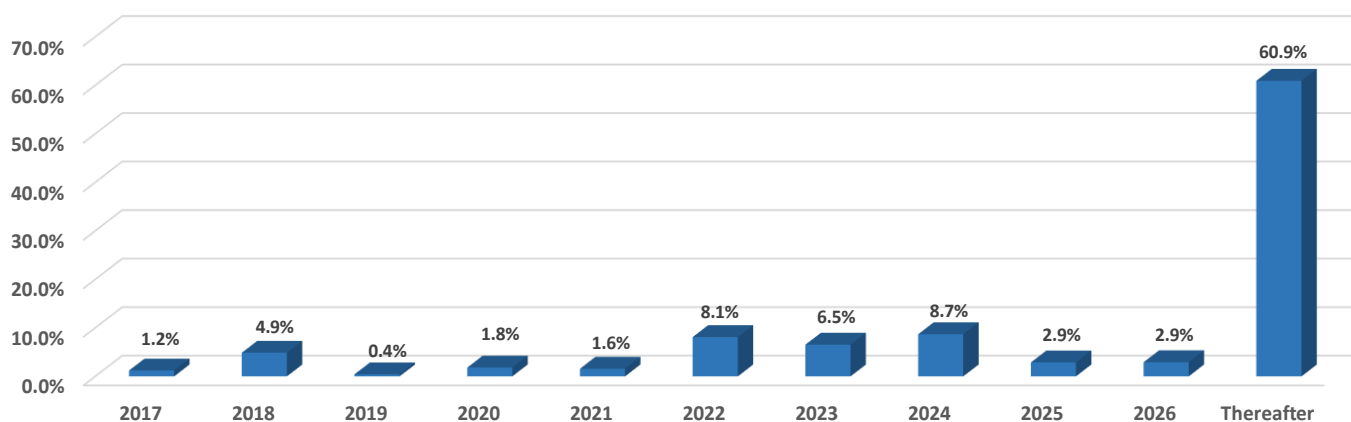
(2) Based on estimated 4Q 2016 contractual rent and mortgage interest income, annualized, and excludes the impact of straight-line accounting.

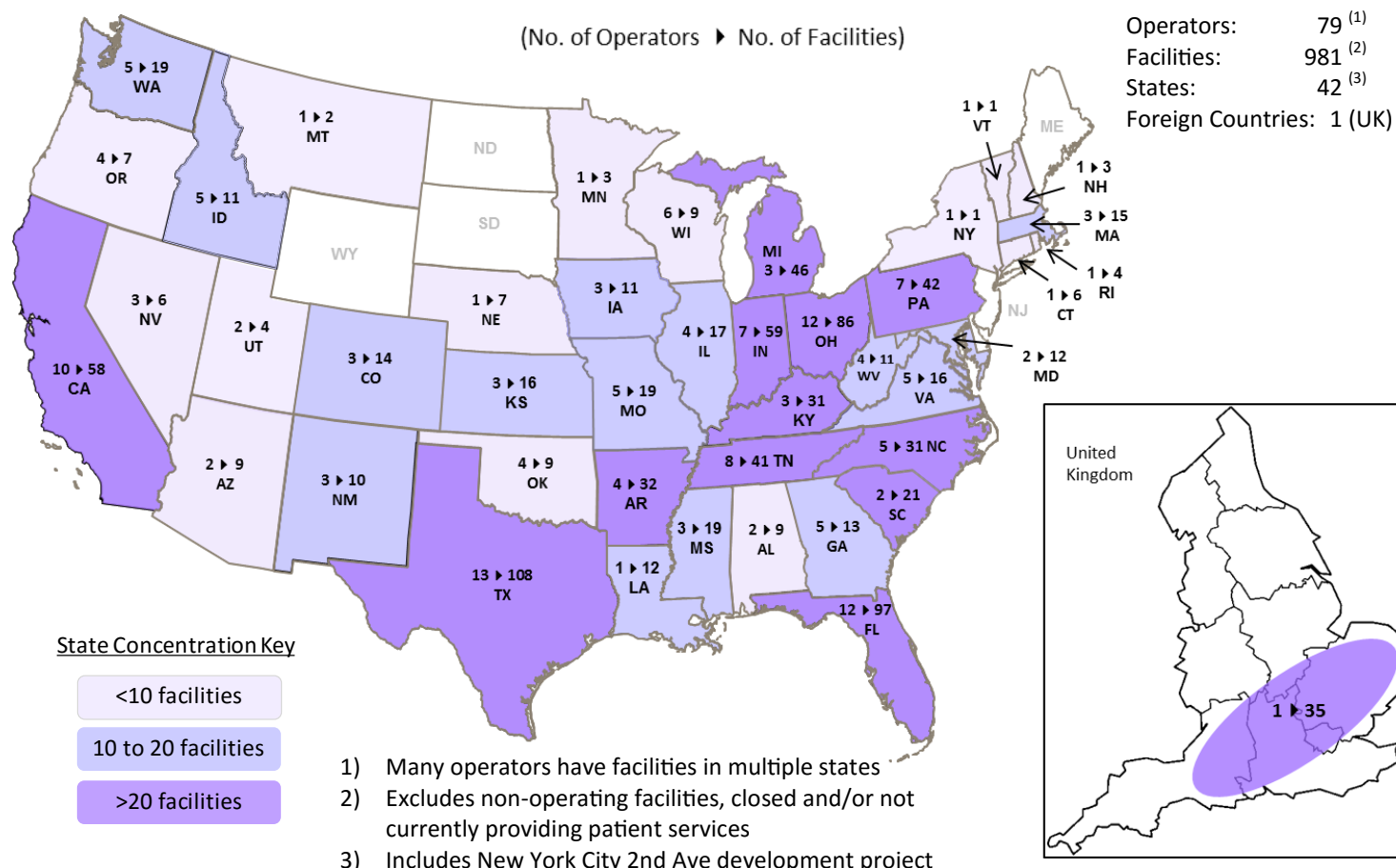
LEASE AND MORTGAGE EXPIRATIONS

(\$ in thousands)

Year	4Q 2016 Contractual Revenue ⁽¹⁾		Investment Amounts					Operating Facilities		Operating Beds	
	Revenue	%	Lease	Capital Lease	Mortgage	Total	%	No.	%	No.	%
1 2017	\$ 10,302	1.2%	\$ 98,064	\$ -	\$ -	\$ 98,064	1.1%	15	1.5%	1,247	1.3%
2 2018	41,233	4.9%	324,470	-	36,031	360,500	4.1%	53	5.4%	5,295	5.3%
3 2019	3,610	0.4%	42,803	-	-	42,803	0.5%	7	0.7%	499	0.5%
4 2020	15,358	1.8%	72,872	416	2,500	75,788	0.9%	11	1.1%	1,287	1.3%
5 2021	13,376	1.6%	148,235	-	-	148,235	1.7%	26	2.7%	1,431	1.4%
6 2022	68,563	8.1%	589,025	-	-	589,025	6.7%	87	8.9%	8,632	8.7%
7 2023	55,229	6.5%	533,818	-	-	533,818	6.0%	67	6.8%	7,230	7.3%
8 2024	73,411	8.7%	633,936	-	112,500	746,436	8.5%	71	7.2%	6,818	6.9%
9 2025	24,342	2.9%	227,012	-	-	227,012	2.6%	24	2.4%	3,223	3.2%
10 2026	24,700	2.9%	292,333	-	-	292,333	3.3%	37	3.8%	3,930	4.0%
Thereafter	514,977	60.9%	4,622,989	601,522	485,118	5,709,629	64.7%	583	59.4%	59,617	60.1%
TOTAL	\$ 845,102	100.0%	\$ 7,585,558	\$ 601,938	\$ 636,148	\$ 8,823,644	100.0%	981	100.0%	99,209	100.0%

(1) Annualized





GEOGRAPHIC CONCENTRATION BY INVESTMENT

(\$ in thousands)

As of December 31, 2016

	No. of Properties ⁽¹⁾	Total Investment ⁽²⁾	% Investment	% Occupancy ⁽⁴⁾
Ohio	87	\$ 842,274	9.6%	83.5%
Florida	95	785,510	8.9%	87.7%
Texas	108	780,122	8.8%	69.7%
Michigan	46	600,538	6.8%	86.2%
California	56	516,057	5.9%	92.8%
Pennsylvania	43	468,119	5.3%	87.0%
Indiana	59	406,469	4.6%	82.8%
Tennessee	41	345,106	3.9%	70.7%
Virginia	16	294,113	3.3%	87.6%
South Carolina	22	264,819	3.0%	94.1%
Remaining 32 states ⁽³⁾	368	3,267,379	37.0%	80.9%
	941	\$ 8,570,506	97.1%	82.1%
United Kingdom	35	253,138	2.9%	
Total	976	\$ 8,823,644	100.0%	

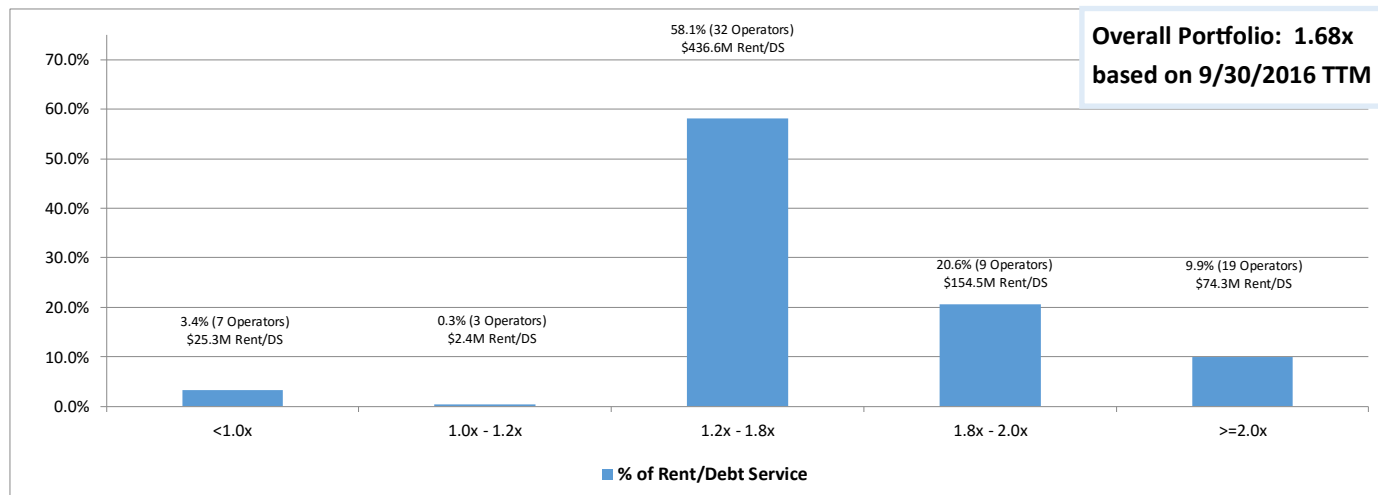
(1) Excludes 20 properties classified as assets held for sale (AHS).

(2) Includes a \$19.2 million lease inducement and excludes \$52.9 million (20 properties) classified as AHS.

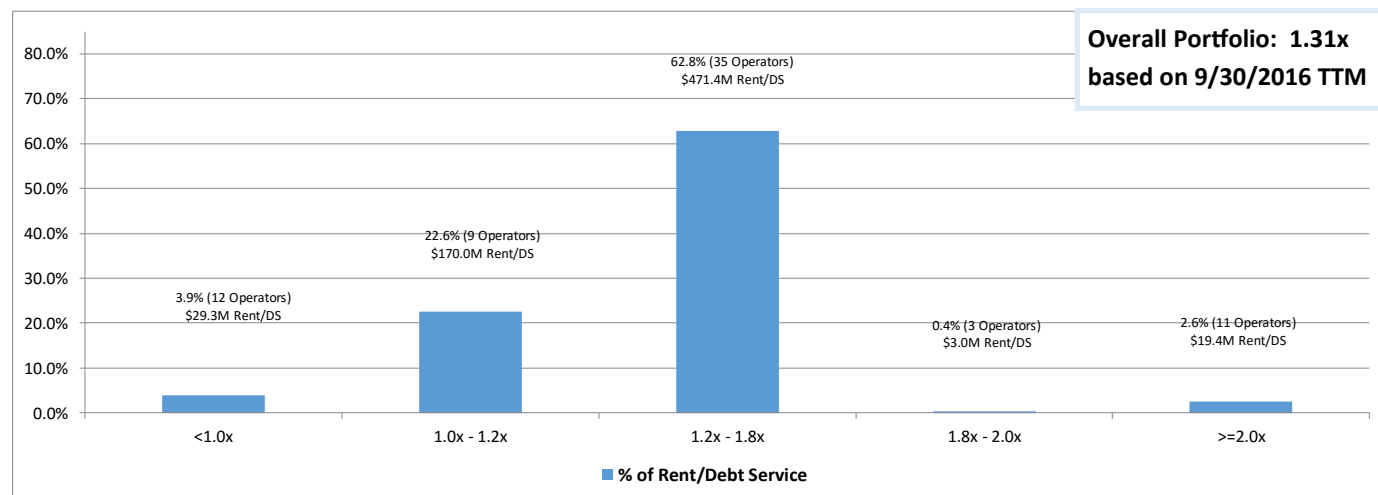
(3) Includes New York City 2nd Ave development project.

(4) As of September 30, 2016, TTM.

OPERATOR EBITDARM COVERAGE DISTRIBUTION AS A PERCENTAGE OF RENT/DEBT SERVICE—BASED ON 9/30/2016 TTM



OPERATOR EBITDAR COVERAGE DISTRIBUTION AS A PERCENTAGE OF RENT/DEBT SERVICE—BASED ON 9/30/2016 TTM



NOTE: Represents 92% of current contractual rent/debt service, excluding straight-line accounting, which is representative of all stable properties. Stable properties include generally, any triple-net rental property unless it 1) is new development that is not yet complete/open; 2) has not yet stabilized and is still within 12 months following the budgeted stabilization date; 3) is held for sale and/or is slated for closure or to be sold; or 4) is slated to be transitioned or has transitioned to a new operator within the last 12 months.

MASTER LEASES WITH OPERATOR EBITDAR COVERAGE < 1.0X

Investment Type	EBITDARM Coverage	EBITDAR Coverage	% of Total Rent	Current on Rent (1)	Subordinated Management Fees	Guaranty	Letter of Credit / Security Deposit
SNF	.74 x	.39 x	1.4%	✓		✓	✓
SNF/ALF	.82 x	.58 x	1.0%	✓	✓	✓	✓
SNF	.46 x	.19 x	0.5%	✓	✓	✓	
SNF/ALF	.99 x	.69 x	0.3%	✓		✓	✓
SNF/SH	1.08 x	.79 x	0.2%			✓	✓
Add'l 7 SNFs with EBITDAR Cov. <1.0 ⁽²⁾			0.5%	7/7	2/7	6/7	7/7
			3.9%				

(1) Rent is current if < 30 days outstanding; measured on 12/31/16

(2) Combined EBITDARM Coverage is 1.00x and combined EBITDAR Coverage is .56x

Portfolio: Investment Activity—Last Five Years



(\$ in Thousands)	Investment Amount	Facility Types								Totals		
		SNF	Beds	ALF	Beds	Rehab	Beds	ILU	Units	Facilities	Beds/Uts	
2012 Total Investments	\$ 509,558	39	4,832	6	601	0	0	6	259	51	5,692	
2013 Total Investments	\$ 620,858	59	5,769	2	152	0	0	0	0	61	5,921	
2014 Total Investments	\$ 565,510	25	2,684	7	541	0	0	0	0	32	3,225	
	Closing Date	State(s)										
2015												
Acquisition	1/28/2015	\$ 6,300	TX	1	93	-	-	-	-	-	1	93
Acquisition	5/1/2015	177,484	UK	-	-	23	1,018	-	-	-	23	1,018
Acquisition	7/1/2015	15,000	NE	6	530	-	-	-	-	-	6	530
Acquisition	7/1/2015	10,800	GA	-	-	2	125	-	-	-	2	125
Acquisition	7/1/2015	18,000	WA	1	92	2	69	-	-	-	3	161
Acquisition	7/30/2015	28,500	VA	1	300	-	-	-	-	-	1	300
Acquisition	9/29/2015	32,000	FL	2	260	-	-	-	-	-	2	260
Acquisition	11/30/2015	5,300	TX	1	92	-	-	-	-	-	1	92
Total Acq. & Mtgs.		\$ 293,384		12	1,367	27	1,212	-	-	-	39	2,579
Construction-in-Progress		161,265										
CAPEX Funding		52,295										
2015 Total Investments		\$ 506,944										
2016												
Acquisition	1/18/2016	\$ 8,270	UK	-	-	1	52	-	-	-	1	52
Acquisition	2/1/2016	169,000	MI, OH, VA	10	985	-	-	-	-	-	10	985
Acquisition	3/1/2016	20,200	GA	-	-	2	164	-	-	-	2	164
Acquisition	3/15/2016	6,134	UK	-	-	1	33	-	-	-	1	33
Acquisition	3/1/2016	212,500	NC, VA	21	2,446	-	-	-	-	-	21	2,446
Acquisition	4/1/2016	113,816	UK	-	-	10	775	-	-	-	10	775
Acquisition	4/20/2016	66,000	TX	-	-	3	367	-	-	-	3	367
Acquisition	4/29/2016	31,790	CO, MO	3	338	-	-	-	-	-	3	338
Acquisition	7/29/2016	4,300	FL	-	-	1	114	-	-	-	1	114
Acquisition	8/31/2016	16,500	FL	-	-	1	175	-	-	-	1	175
Acquisition	8/31/2016	2,500	GA	-	-	1	46	-	-	-	1	46
Acquisition	9/30/2016	10,100	SC	1	144	-	-	-	-	-	1	144
Acquisition	9/30/2016	9,000	OH	1	96	-	-	-	-	-	1	96
Acquisition	9/30/2016	300,000	FL, KY, TN	31	4,047	-	-	-	-	-	31	4,047
Total Acq. & Mtgs.		\$ 970,110		67	8,056	20	1,726	-	-	-	87	9,782
Construction-in-Progress		62,197										
CAPEX Funding and Other		72,515										
Mezz, Term Loans, DFL & Other		223,447										
2016 Total Investments		\$ 1,328,269										

NEW BUILD, MAJOR RENOVATION AND CAPEX INVESTMENTS

Commitment Year	Location	# of Projects	Property Type	Initial Cash Yield	# Beds/ Units	Investment Commitment	Inception Date	Funding	Remaining Commitment	Estimated In Service Date
2015	Webster, TX	1	SNF	9.00%	120	16,714,450		3,353,071	13,361,379	Oct-17
2015	Pensacola, FL	1	SNF	8.75%	90	20,788,990		8,274,694	12,514,296	May-17
2016	Pensacola, FL	1	SNF	6.00%	90	19,400,000		930,173	18,469,827	Aug-18
2016	Viera, FL	1	SNF	8.75%	131	26,500,000		3,776,923	22,723,077	Jul-18
2015	Tampa Lakes, FL	1	SNF	9.25%	179	26,500,000		22,603,756	3,896,244	Jan-17
2015	Polk County, FL	1	SNF	9.00%	120	18,000,000		2,388,166	15,611,834	Dec-17
2014	Brewster, MA	1	ALF	9.00%	131	37,288,000		36,648,410	639,590	Dec-16
2014	West Yarmouth, MA	1	ALF	9.00%	126	10,230,500		537,086	9,693,414	TBD
2014	Vara, MA	1	ALF	9.00%	75	23,835,652		10,924,043	12,911,609	Nov-17
2015	2nd Ave, NY	1	ALF/MC	7.00%	214	249,628,480		130,184,133	119,444,347	Apr-19
2015	Baton Rouge, LA	1	ALF	8.75%	50	11,700,000		9,534,775	2,165,225	Sep-17
2015	Five Forks, GA	1	ALF	8.75%	48	10,600,000		8,579,970	2,020,030	Jan-17
2015	Watkins, VA	1	ALF	8.75%	48	11,700,000		5,017,497	6,682,503	Jan-17
2014	Middleburg, FL	1	SNF	9.00%	120	17,750,000		2,218,394	15,531,606	Dec-18
2016	Brunswick, NC	1	SNF	9.00%	100	11,650,000		2,766,704	8,883,296	Sep-17
Total new facilities under construction:		15			1,642	\$ 512,286,072		\$ 247,737,796	\$ 264,548,276	
Additional CAPEX (excluding new builds):		101				\$ 162,959,005		\$ 107,544,495	\$ 55,414,509	
Total:		116				\$ 675,245,077		\$ 355,282,291	\$ 319,962,785	

Capitalization: Capital Structure and Rates



CAPITAL STRUCTURE

(\$000's, except per share data)

Financial Instrument	Secured (Y/N)	Debt Capacity 12/31/2016	Month Ending Rate	Type	Interest Pay Dates	Latest Maturity	Yrs to Maturity	Borrowed as of 12/31/2016	% of Total	4Q 2016 Debt/Ann. EBITDA	4Q 2016 Debt/Total Asset Value
Credit Facility:											
Revolver	(1) N	1,250,000	2.056%	V		6/27/19 (2)	2.3 Yrs	190,000	4.3%		
\$200M Term	N	200,000	2.270%	V		6/27/19 (2)	2.3 Yrs	200,000	4.5%		
\$200MM Add-on Term	N	200,000	2.195%	V		6/27/19 (2)	2.3 Yrs	200,000	4.5%		
\$100MM OHI LP Term	N	100,000	2.195%	V		6/27/19 (2)	2.3 Yrs	100,000	2.3%		
\$350MM Add-on Term	N	350,000	2.270%	V		1/29/21 (2)	3.9 Yrs	350,000	7.9%		
\$250MM Term	N	250,000	3.800%	F (3)		12/16/22	5.8 Yrs	250,000	5.7%		
\$20M Sub-Notes	N	20,000	9.000%	F	6/1 12/1	12/21/21	4.8 Yrs	20,000	0.5%		
\$700M 4.375% Notes	N	700,000	4.375%	F	2/1 8/1	8/1/23	6.4 Yrs	700,000	15.9%		
\$400M 5.875% Notes	N	400,000	5.875%	F	3/15 9/15	3/15/24	7.0 Yrs	400,000	9.1%		
\$400M 4.95% Notes	N	400,000	4.950%	F	4/1 10/1	4/1/24	7.1 Yrs	400,000	9.1%		
\$250M 4.50% Notes	N	250,000	4.500%	F	1/15 7/15	1/15/25	7.9 Yrs	250,000	5.7%		
\$600M 5.25% Notes	N	600,000	5.250%	F	1/15 7/15	1/15/26	8.9 Yrs	600,000	13.6%		
\$700M 4.50% Notes	N	700,000	4.500%	F	10/1 4/1	4/1/27	10.1 Yrs	700,000	15.9%		
HUD (12 Loan Summary)	Y	54,849	3.063%	F		7/1/44	27.3 Yrs	54,849	1.2%		
Total Debt		\$ 5,474,849						\$ 4,414,849	100.0%	4.7 x	45.9%
Weighted Averages			3.76%				6.9 Yrs		4.17%		

Common Stock: 196,142,473 shares at \$32.07 per share:

6,290,289

Operating Units: -42,031 units at \$32.07 per unit:

(1,348)

Total Market Capitalization

\$ 10,703,791

Note: At December 31, 2016, Omega held approx. \$87.1MM of net cash and short-term investments (excludes UK balances)

1) Excludes 0.25% annual Facility Fee on the full commitment

3) Fixed via swap at 3.80% effective beginning 12/30/2016

2) Latest maturity given optional extensions provided in Agreements

DEBT MATURITIES

(\$ in thousands)

Year	Secured Debt	Unsecured Debt			Total Debt Maturities
	HUD Mortgages (1)	Line of Credit & Term Loans (2)(3)	Senior Notes (4)	Sub Notes (5)	
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	1,750,000	-	-	1,750,000
2020	-	-	-	-	-
2021	-	350,000	-	20,000	370,000
2022	-	250,000	-	-	250,000
2023	-	-	700,000	-	700,000
Thereafter	54,955	-	2,350,000	-	2,404,955
	54,955	2,350,000	3,050,000	20,000	5,474,955

(1) Mortgages guaranteed by HUD (excludes net deferred financing costs of \$0.6 million)

(2) Reflected at 100% borrowing capacity.

(3) \$1.75 billion is comprised of a: \$200 million Tranche A-1 term loan, \$100 million term loan to Omega's operating partnership, \$200 million Tranche A-2 term loan and \$1.25 billion revolving credit facility (excluding a \$250 million accordion feature and \$5.7 million net deferred financing costs) assuming the exercise of existing extension rights.

(4) Excludes net discounts of \$17.6 million, net deferred financing costs of \$27.7 million, and \$3.0 million promissory note.

(5) Excludes \$0.5 million of fair market valuation adjustments.

SENIOR UNSECURED CREDIT RATINGS

	CUSIP #	Rating Information		
		S&P	Moody's	Fitch
Common Stock	681936 10 0			
Senior Unsecured Debt				
\$700M, 4.375% 2023 Notes	681936 BJ 8	BBB-	Baa3	BBB-
\$400M, 5.875% 2024 Notes	681936 AZ 3	BBB-	Baa3	BBB-
\$400M, 4.95% 2024 Notes	681936 BB 5	BBB-	Baa3	BBB-
\$250M, 4.50% 2025 Notes	681936 BD 1	BBB-	Baa3	BBB-
\$600M, 5.25% 2026 Notes	681936 BG 4	BBB-	Baa3	BBB-
\$700M, 4.50% 2027 Notes	681936 BE 9	BBB-	Baa3	BBB-
Corporate Rating.....		BBB-		
Outlook.....		Stable	Stable	Stable
Analyst(s).....		Michael Souers (212) 438-2508	Lori Marks (212) 553-1098	Britton O. Costa (212) 908-0524

SELECTED CREDIT FACILITY COVENANTS ⁽¹⁾

Quarter Ending	Consolidated				
	Leverage Ratio	Secured Leverage Ratio	Unsecured Leverage Ratio	Fixed Charge Cov. Ratio	Unsecured Interest Cov. Ratio
Requirement:	<= 60%	<=30%	<= 60%	>=1.50 to 1	>=2.00 to 1
March 31, 2016	46%	3%	46%	5.2	4.9
June 30, 2016	48%	3%	49%	5.3	5.0
September 30, 2016	48%	1%	52%	5.3	4.3
December 31, 2016	46%	1%	50%	5.3	4.5
Status	Pass	Pass	Pass	Pass	Pass

SELECTED UNSECURED NOTE COVENANTS ⁽¹⁾

Quarter Ending	Debt / Adj.	Unencumbered	Secured Debt / Adj.
	Total Assets	Assets / Unsecured Debt	Total Assets
Requirement:	<= 60%	>= 150%	<= 40%
March 31, 2016	48%	204%	2%
June 30, 2016	47%	209%	2%
September 30, 2016	48%	202%	0%
December 31, 2016	47%	207%	0%
Status	Pass	Pass	Pass

(1) Covenants are based on calculations as defined in the Company's Credit Agreement and Senior Note Indentures

SELECTED CREDIT STATISTICS

	2016				2015YE	2014YE	2013YE	2012YE
	4Q	3Q	2Q	1Q				
Total Net Funded Debt / Adj. Pro Forma EBITDA ¹	4.7	4.9	4.7	4.9	4.5	4.6	4.4	4.7
Secured Debt / Adjusted EBITDA ¹	0.1	0.1	0.3	0.3	0.3	0.5	0.6	0.9
Fixed Charge Coverage ²	4.7	4.6	5.1	5.0	4.5	3.9	3.9	3.4
Balance Sheet Cash (\$ 000)	93,687	32,567	32,959	9,407	5,424	4,489	2,616	1,711

- EBITDA is adjusted for non-cash and one-time items, and for leverage ratios includes proforma revenue for investments made in quarter/year; Total Net Funded Debt excludes outstanding L/C's, if any, premium on bonds, fair market valuations & FIN46 consolidations and net of cash & cash equivalents. EBITDA for "Qtr. Ending" periods are annualized.
- Fixed charges includes scheduled amortizations, amortization of deferred financing charges and capitalized interest.

NOTE: See the Non-GAAP reconciliations provided at the end of this supplement and on our website at www.omegahealthcare.com under "Financial Information" then "Non-GAAP Financial Measures."

EQUITY ISSUANCE SUMMARY

ESP/ATM Program							2016				
	2010	2011	2012	2013	2014	2015	Q1	Q2	Q3	Q4	YTD
Number of Shares (000s)	6,865	1,419	3,398	6,504	1,848	-	-	-	-	656	656
Average Price per Share	\$ 20.74	\$ 22.61	\$ 23.47	\$ 30.48	\$ 34.33	\$ -	\$ -	\$ -	\$ -	\$ 31.10	\$ 31.10
Gross Proceeds (000s)	\$ 142,413	\$ 32,094	\$ 79,749	\$ 198,220	\$ 63,452	\$ -	\$ -	\$ -	\$ -	\$ 20,392	\$ 20,392
DRSPP and Waiver Program							2016				
	2010	2011	2012	2013	2014	2015	Q1	Q2	Q3	Q4	YTD
Number of Shares (000s)	2,961	2,853	5,062	1,930	2,083	4,184	660	2,237	3,973	346	7,215
Average Price per Share	\$ 20.45	\$ 20.78	\$ 22.11	\$ 28.94	\$ 34.32	\$ 36.06	\$ 29.83	\$ 32.98	\$ 34.38	\$ 28.89	\$ 33.27
Gross Proceeds (000s)	\$ 60,539	\$ 59,269	\$ 111,941	\$ 55,872	\$ 71,502	\$ 150,871	\$ 19,691	\$ 73,763	\$ 136,600	\$ 9,987	\$ 240,041
Secondary							2016				
	2010	2011	2012	2013	2014	2015	Q1	Q2	Q3	Q4	YTD
Number of Shares (000s)	-	-	-	2,875	-	10,925	-	-	-	-	-
Average Price per Share	\$ -	\$ -	\$ -	\$ 29.48	\$ -	\$ 42.00	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Proceeds (000s)	\$ -	\$ -	\$ -	\$ 84,755	\$ -	\$ 458,850	\$ -	\$ -	\$ -	\$ -	\$ -
Totals							2016				
	2010	2011	2012	2013	2014	2015	Q1	Q2	Q3	Q4	YTD
Number of Shares (000s)	9,826	4,272	8,460	11,309	3,932	15,109	660	2,237	3,973	1,001	7,871
Average Price per Share	\$ 20.65	\$ 21.39	\$ 22.66	\$ 29.96	\$ 34.32	\$ 40.36	\$ 29.83	\$ 32.98	\$ 34.38	\$ 30.34	\$ 33.09
Gross Proceeds (000s)	\$ 202,952	\$ 91,363	\$ 191,690	\$ 338,847	\$ 134,954	\$ 609,721	\$ 19,691	\$ 73,763	\$ 136,600	\$ 30,379	\$ 260,433

Percentages of adjusted total debt to adjusted book capitalization and adjusted total debt to total market capitalization at December 31, 2016 were 51.2% and 40.8%, respectively. Adjusted total debt is total debt plus the discount or less the premium derived from the sale of unsecured borrowings, deferred financing costs (net) and fair market value adjustment of assumed debt. Adjusted book capitalization is defined as adjusted total debt plus stockholders' equity and noncontrolling interest. 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 December 31, 2016 plus adjusted total debt.

	At
	<u>December 31, 2016</u>
Revolving line of credit.....	\$ 190,000
Term loans.....	1,100,000
Secured borrowings.....	54,954
Unsecured borrowings.....	3,073,000
FMV adjustment of assumption of debt	490
Premium/(discount) unsecured borrowings (net).....	(17,641)
Deferred financing costs (net).....	(33,949)
Total debt	\$ 4,366,854
Deduct FMV adjustment of assumption of debt	(490)
Add back discount (deduct premium) on unsecured borrowings (net).....	17,641
Add back deferred financing costs (net).....	33,949
Adjusted total debt	\$ 4,417,954
 BOOK CAPITALIZATION	
Adjusted total debt.....	\$ 4,417,954
Omega stockholders' equity.....	3,858,745
Noncontrolling interest	353,241
Adjusted book capitalization	\$ 8,629,940
 MARKET CAPITALIZATION	
Omega common shares and OP units outstanding at 12/31/2016.....	205,004
Market price of common stock at 12/31/2016.....	\$ 31.26
Market capitalization of common stock at 12/31/2016.....	6,408,425
Market capitalization of publicly traded securities.....	6,408,425
Add adjusted total debt.....	4,417,954
Total market capitalization	\$ 10,826,379
 Adjusted total debt / adjusted book capitalization	 51.2%
Adjusted total debt / total market capitalization	40.8%

Financial Performance: Historical AFFO, FAD and Dividends



Quarter Ended	Ending Share Price	Dividend Yield ⁽¹⁾	Quarterly					Omega AFFO Guidance ⁽²⁾	Annually						
			AFFO/Share	Dividend	Payout Ratio	FAD/Share	FAD Payout Ratio		AFFO/Share ⁽³⁾	% Change	FAD/Share ⁽³⁾	% Change	Annual Dividend	% Change	
2007	3/31/2007	\$17.15	6.1%	\$ 0.34	\$ 0.27	80.0%	\$ 0.31	86.8%	\$1.32 - \$1.36						
	6/30/2007	\$15.83	6.8%	\$ 0.34	0.27	80.2%	\$ 0.31	86.0%							
	9/30/2007	\$15.53	7.0%	\$ 0.35	0.28	80.0%	\$ 0.33	84.9%							
	12/31/2007	\$16.05	7.0%	\$ 0.35	0.29	82.0%	\$ 0.34	85.6%							
2008	3/31/2008	\$17.36	6.7%	\$ 0.36	\$ 0.30	82.4%	\$ 0.36	83.1%	\$1.41 - \$1.43						
	6/30/2008	\$16.65	7.2%	\$ 0.38	0.30	78.6%	\$ 0.37	80.9%							
	9/30/2008	\$19.66	6.1%	\$ 0.34	0.30	88.6%	\$ 0.31	97.4%							
	12/31/2008	\$15.97	7.5%	\$ 0.37	0.30	81.0%	\$ 0.34	89.4%							
2009	3/31/2009	\$14.08	8.5%	\$ 0.37	\$ 0.30	81.1%	\$ 0.36	84.5%	\$1.47 - \$1.50						
	6/30/2009	\$15.52	7.7%	\$ 0.37	0.30	80.8%	\$ 0.36	84.1%							
	9/30/2009	\$16.02	7.5%	\$ 0.37	0.30	82.0%	\$ 0.35	85.0%							
	12/31/2009	\$19.45	6.2%	\$ 0.36	0.32	88.8%	\$ 0.34	94.1%							
2010	3/31/2010	\$19.49	6.6%	\$ 0.38	\$ 0.32	85.0%	\$ 0.37	86.4%	\$1.60 - \$1.68						
	6/30/2010	\$19.93	6.4%	\$ 0.37	0.36	98.6%	\$ 0.40	91.0%							
	9/30/2010	\$22.45	6.4%	\$ 0.45	0.37	81.7%	\$ 0.42	87.7%							
	12/31/2010	\$22.44	6.6%	\$ 0.46	0.37	81.0%	\$ 0.41	90.8%							
2011	3/31/2011	\$22.34	6.6%	\$ 0.44	\$ 0.38	85.7%	\$ 0.40	94.8%	\$1.80 - \$1.86						
	6/30/2011	\$21.01	7.2%	\$ 0.47	0.40	84.2%	\$ 0.43	92.1%							
	9/30/2011	\$15.93	10.0%	\$ 0.48	0.40	83.9%	\$ 0.44	91.1%							
	12/31/2011	\$19.35	8.3%	\$ 0.50	0.41	82.6%	\$ 0.46	88.7%							
2012	3/31/2012	\$21.26	7.7%	\$ 0.55	\$ 0.42	76.8%	\$ 0.47	88.6%	\$2.06 - \$2.12						
	6/30/2012	\$22.50	7.5%	\$ 0.53	0.42	80.0%	\$ 0.45	92.6%							
	9/30/2012	\$22.73	7.4%	\$ 0.54	0.44	82.2%	\$ 0.47	93.6%							
	12/31/2012	\$23.85	7.4%	\$ 0.58	0.45	77.9%	\$ 0.52	85.9%							
2013	3/31/2013	\$30.36	5.9%	\$ 0.63	\$ 0.46	72.9%	\$ 0.57	80.2%	\$2.45 - \$2.50						
	6/30/2013	\$31.02	5.9%	\$ 0.62	0.47	75.5%	\$ 0.56	83.7%							
	9/30/2013	\$29.87	6.3%	\$ 0.63	0.48	76.7%	\$ 0.57	84.5%							
	12/31/2013	\$29.80	6.4%	\$ 0.65	0.49	75.7%	\$ 0.59	83.6%							
2014	3/31/2014	\$33.52	5.8%	\$ 0.71	\$ 0.50	70.3%	\$ 0.65	76.9%	\$2.69 - \$2.72						
	6/30/2014	\$36.86	5.4%	\$ 0.69	0.51	74.4%	\$ 0.63	81.5%							
	9/30/2014	\$34.19	6.0%	\$ 0.73	0.52	71.0%	\$ 0.67	77.7%							
	12/31/2014	\$39.07	5.3%	\$ 0.72	0.53	73.3%	\$ 0.66	80.0%							
2015	3/31/2015	\$40.57	5.2%	\$ 0.71	\$ 0.54	76.2%	\$ 0.65	83.2%	\$2.98 - \$3.04						
	6/30/2015	\$36.86	5.9%	\$ 0.77	0.55	71.5%	\$ 0.70	78.6%							
	9/30/2015	\$35.15	6.3%	\$ 0.79	0.56	70.8%	\$ 0.72	78.1%							
	12/31/2015	\$34.98	6.4%	\$ 0.81	0.57	70.7%	\$ 0.72	78.8%							
2016	3/31/2016	\$35.30	6.5%	\$ 0.83	\$ 0.58	69.6%	\$ 0.75	77.5%	\$3.25 - \$3.30						
	6/30/2016	\$33.95	6.8%	\$ 0.87	0.60	69.1%	\$ 0.77	77.6%							
	9/30/2016	\$35.45	6.8%	\$ 0.83	0.61	73.3%	\$ 0.75	81.6%							
	12/31/2016	\$31.26	7.8%	\$ 0.88	0.62	70.4%	\$ 0.80	77.8%							

1) Based on the annualized dividend announced the previous quarter

2) Except for 2015, guidance provided at the beginning of each fiscal year

3) Equals the sum of each quarter's AFFO/Share and FAD/Share, i.e., not based on year-end totals divided by year-end average shares outstanding

No. of consecutive quarterly dividends paid since 2003:	54
No. of quarterly dividend increases since 2003:	40
No. of consecutive quarterly dividend increases:	18

2017 Guidance: AFFO: \$3.40—\$3.44
FAD: \$3.10—\$3.14

NOTE: See the Non-GAAP reconciliations provided at the end of this supplement and on our website at www.omegahealthcare.com under "Financial Information" then "Non-GAAP Financial Measures."

2017 Guidance and Reconciliation

The Company currently expects its 2017 annual Adjusted FFO available to common stockholders to be between \$3.40 and \$3.44 per diluted share. The Company expects its 2017 FAD to be between \$3.10 and \$3.14 per diluted share. The following table presents a reconciliation of Omega’s guidance regarding Adjusted FFO and FAD to projected GAAP earnings.

**2017 Annual Adjusted FFO and FAD
Guidance Range ⁽¹⁾**

	Full Year
Net Income	\$1.98 - \$2.02
Depreciation	1.4
Gain on assets sold	-
Real estate impairment	-
FFO	\$3.38 - \$3.42
Adjustments:	
Legal settlement	(0.05)
Transaction costs	-
Interest – refinancing costs	-
Stock-based compensation expense	0.07
Adjusted FFO	\$3.40 - \$3.44
Non-cash interest expense	0.07
Capitalized interest	(0.03)
Non-cash revenue	(0.34)
FAD	\$3.10 - \$3.14

(1) The Company's Adjusted FFO and FAD guidance for 2017 includes approximately \$100 million of planned capital renovation projects; however, it excludes the impact of additional new investments. It also excludes the impact of gains and losses from the sale of assets, revenue from divestitures, certain revenue and expense items, interest refinancing expense, capital transactions, acquisition and merger related costs, provisions for uncollectible receivables, and stock-based compensation expense. The Company may, from time to time, update its publicly announced Adjusted FFO and FAD guidance, but it is not obligated to do so.

The Company's guidance is based on a number of assumptions, which are subject to change and many of which are outside the Company's control. If actual results vary from these assumptions, the Company's expectations may change. Without limiting the generality of the foregoing, the timing and completion of acquisitions, divestitures, capital and financing transactions, and variations in stock-based compensation expense may cause actual results to vary materially from our current expectations. There can be no assurance that the Company will achieve its projected results.

Unaudited (in thousands, except per share amounts)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Revenue				
Rental income	\$194,891	\$175,292	\$743,885	\$605,991
Income from direct financing leases	15,724	15,354	62,298	59,936
Mortgage interest income	15,838	17,574	69,811	68,910
Other investment income – net	7,210	1,811	21,852	7,534
Miscellaneous income	823	481	2,981	1,246
Total operating revenues	<u>234,486</u>	<u>210,512</u>	<u>900,827</u>	<u>743,617</u>
Expenses				
Depreciation and amortization	70,808	60,794	267,062	210,703
General and administrative	7,478	7,635	32,077	27,435
Stock-based compensation	3,674	4,451	13,790	11,133
Acquisition and merger related costs	(2)	2,018	9,582	57,525
Impairment loss on real estate properties	-	3,040	58,726	17,681
Provision for uncollectible mortgages, notes and accounts receivable ..	5,878	7,579	9,845	7,871
Total operating expenses	<u>87,836</u>	<u>85,517</u>	<u>391,082</u>	<u>332,348</u>
Income before other income and expense	146,650	124,995	509,745	411,269
Other income (expense)				
Interest income	4	80	173	285
Interest expense	(44,375)	(38,605)	(164,103)	(147,381)
Interest – amortization of deferred financing costs	(2,501)	(1,954)	(9,345)	(6,990)
Interest – refinancing costs	-	(20,476)	(2,113)	(28,837)
Realized gain (loss) on foreign exchange	12	(173)	(232)	(173)
Total other expense	<u>(46,860)</u>	<u>(61,128)</u>	<u>(175,620)</u>	<u>(183,096)</u>
Income before gain (loss) on assets sold	99,790	63,867	334,125	228,173
Gain (loss) on assets sold – net	30,277	(58)	50,208	6,353
Income from continuing operations	130,067	63,809	384,333	234,526
Income tax expense	(623)	(266)	(1,405)	(1,211)
Income from unconsolidated joint venture	439	-	439	-
Net income	129,883	63,543	383,367	233,315
Net income attributable to noncontrolling interest	(5,624)	(2,901)	(16,952)	(8,791)
Net income available to common stockholders	<u>\$124,259</u>	<u>\$60,642</u>	<u>\$366,415</u>	<u>\$224,524</u>
Income per common share available to common stockholders:				
Basic:				
Net income available to common stockholders	<u>\$0.63</u>	<u>\$0.32</u>	<u>\$1.91</u>	<u>\$1.30</u>
Diluted:				
Net income	<u>\$0.63</u>	<u>\$0.32</u>	<u>\$1.90</u>	<u>\$1.29</u>
Dividends declared per common share	<u>\$0.61</u>	<u>\$0.56</u>	<u>\$2.36</u>	<u>\$2.18</u>
Weighted-average shares outstanding, basic	<u>195,793</u>	<u>187,188</u>	<u>191,781</u>	<u>172,242</u>
Weighted-average shares outstanding, diluted	<u>204,955</u>	<u>197,560</u>	<u>201,635</u>	<u>180,508</u>

Unaudited (in thousands)

	December 31,	
	2016	2015
ASSETS		
Real estate properties		
Real estate investments (see Note 3)	\$ 7,566,358	\$ 6,743,958
Less accumulated depreciation	(1,240,336)	(1,019,150)
Real estate investments – net.....	6,326,022	5,724,808
Investments in direct financing leases – net	601,938	587,701
Mortgage notes receivable – net	639,343	679,795
	7,567,303	6,992,304
Other investments	256,846	89,299
Investment in unconsolidated joint venture.....	48,776	–
Assets held for sale – net	52,868	6,599
Total investments	7,925,793	7,088,202
Cash and cash equivalents.....	93,687	5,424
Restricted cash	13,589	14,607
Accounts receivable – net.....	240,035	203,862
Goodwill.....	643,474	645,683
Other assets	32,682	32,158
Total assets	\$ 8,949,260	\$ 7,989,936
LIABILITIES AND EQUITY		
Revolving line of credit.....	\$ 190,000	\$ 230,000
Term loans – net.....	1,094,343	745,693
Secured borrowings – net.....	54,365	235,593
Unsecured borrowings – net.....	3,028,146	2,328,727
Accrued expenses and other liabilities	360,514	333,706
Deferred income taxes.....	9,906	15,352
Total liabilities.....	4,737,274	3,889,071
Equity:		
Common stock \$.10 par value authorized – 350,000 shares, issued and outstanding – 196,142 shares as of December 31, 2016 and 187,399 as of December 31, 2015.....	19,614	18,740
Common stock – additional paid-in capital.....	4,861,408	4,609,474
Cumulative net earnings	1,738,937	1,372,522
Cumulative dividends paid.....	(2,707,387)	(2,254,038)
Accumulated other comprehensive loss	(53,827)	(8,712)
Total stockholders’ equity	3,858,745	3,737,986
Noncontrolling interest	353,241	362,879
Total equity.....	4,211,986	4,100,865
Total liabilities and equity	\$ 8,949,260	\$ 7,989,936

Unaudited (in thousands)

	Twelve Months Ended December 31	
	2016	2015
Cash flows from operating activities		
Net income	\$ 383,367	\$ 233,315
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	267,062	210,703
Impairment loss on real estate properties	58,726	17,681
Provision for uncollectible mortgages, notes and accounts receivable	9,845	7,871
Amortization of deferred financing costs and refinancing costs	11,458	35,827
Accretion of direct financing leases	(12,157)	(11,007)
Restricted stock amortization expense.....	13,790	11,133
Gain on assets sold – net.....	(50,208)	(6,353)
Amortization of acquired in-place leases - net	(13,991)	(13,846)
Change in operating assets and liabilities – net of amounts assumed/acquired:		
Accounts receivable, net	(4,876)	248
Straight-line rent receivables	(42,091)	(36,057)
Lease inducements.....	2,589	994
Effective yield receivable on mortgage notes	(721)	(4,065)
Other operating assets and liabilities	2,997	17,441
Net cash provided by operating activities	625,790	463,885
Cash flows from investing activities		
Acquisition of real estate – net of liabilities assumed and escrows acquired	(959,748)	(294,182)
Cash acquired in merger	—	84,858
Investment in construction in progress	(68,983)	(164,226)
Investment in direct financing leases.....	(2,080)	(6,793)
Placement of mortgage loans.....	(48,722)	(14,042)
Investments in unconsolidated joint venture	(50,032)	—
Distributions from unconsolidated joint venture	1,318	—
Proceeds from sale of real estate investments.....	169,603	41,543
Capital improvements to real estate investments	(40,471)	(26,397)
Proceeds from other investments	96,789	45,871
Investments in other investments	(271,557)	(65,402)
Collection of mortgage principal	59,975	1,359
Net cash used in investing activities.....	(1,113,908)	(397,411)
Cash flows from financing activities		
Proceeds from credit facility borrowings	1,321,000	1,826,000
Payments on credit facility borrowings	(1,361,000)	(1,681,000)
Receipts of other long-term borrowings	1,048,173	1,838,124
Payments of other long-term borrowings.....	(181,249)	(2,187,314)
Payments of financing related costs	(11,830)	(54,721)
Receipts from dividend reinvestment plan	240,041	150,847
Payments for exercised options and restricted stock – net	(23,426)	(26,706)
Net proceeds from issuance of common stock	19,651	439,322
Dividends paid	(453,152)	(358,232)
Redemption of OP Units.....	(732)	—
Distributions to OP Unit Holders	(21,179)	(11,636)
Net cash provided by (used in) financing activities	576,297	(65,316)
Increase in cash and cash equivalents.....	88,179	1,158
Effect of foreign currency translation on cash and cash equivalents.....	84	(223)
Cash and cash equivalents at beginning of year.....	5,424	4,489
Cash and cash equivalents at end of year	\$ 93,687	\$ 5,424
Interest paid during the year, net of amounts capitalized	\$ 148,326	\$ 145,929

Net Income, FFO, Adjusted FFO and FAD
(unaudited)

(in thousands, except per share data)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Net income	\$ 129,883	\$ 63,543	\$ 383,367	\$ 233,315
(Deduct gain) add back loss from real estate dispositions	(30,277)	58	(50,208)	(6,353)
Sub – total.....	99,606	63,601	333,159	226,962
Elimination of non-cash items included in net income:				
Depreciation and amortization.....	70,808	60,794	267,062	210,703
Depreciation - unconsolidated joint venture.....	1,107	—	1,107	—
Add back non-cash provision for impairments on real estate properties	—	3,040	58,726	17,681
Funds from operations	<u>\$ 171,521</u>	<u>\$ 127,435</u>	<u>\$ 660,054</u>	<u>\$ 455,346</u>
Weighted-average common shares outstanding, basic	195,793	187,188	191,781	172,242
Restricted stock and PRSUs	300	1,416	956	1,539
Omega OP Units	8,862	8,956	8,898	6,727
Weighted-average common shares outstanding, diluted.....	<u>204,955</u>	<u>197,560</u>	<u>201,635</u>	<u>180,508</u>
Funds from operations available per share	<u>\$ 0.84</u>	<u>\$ 0.65</u>	<u>\$ 3.27</u>	<u>\$ 2.52</u>
Adjustments to calculate adjusted funds from operations:				
Funds from operations available to common stockholders ...	\$ 171,521	\$ 127,435	\$ 660,054	\$ 455,346
Deduct one-time revenue	(650)	—	(1,333)	—
Deduct prepayment fee income from early termination of mortgages.....	—	—	(5,390)	—
Deduct YTD in-place amortization catch-up ⁽¹⁾	—	(5,400)	—	—
(Deduct) add back acquisition and merger related costs	(2)	2,018	9,582	57,525
Add back provision for uncollectible mortgages, notes and accounts receivables.....	5,878	7,579	9,845	7,871
Add back interest refinancing expense.....	—	20,476	2,113	28,837
Add back interest carried to retire bonds ⁽²⁾	—	2,803	—	3,666
Add back non-cash stock-based compensation expense	3,674	4,451	13,790	11,133
Adjusted funds from operations	<u>\$ 180,421</u>	<u>\$ 159,362</u>	<u>\$ 688,661</u>	<u>\$ 564,378</u>
Adjustments to calculate funds available for distribution:				
Non-cash interest expense	2,920	1,991	9,754	7,158
Capitalized interest	(1,829)	(1,757)	(6,594)	(3,702)
Non-cash revenues ⁽³⁾	(18,274)	(16,626)	(73,500)	(61,321)
Funds available for distribution	<u>\$ 163,238</u>	<u>\$ 142,970</u>	<u>\$ 618,321</u>	<u>\$ 506,513</u>

- (1) During the fourth quarter of 2015, the Company updated its purchase accounting analysis for the Aviv acquisition via merger. Accounting rules require purchase accounting allocations to be completed within one year of the acquisition date. It also allows adjustments to preliminary purchase accounting allocations to be recorded currently, not retrospectively, and requires disclosure of the adjustments. The Company completed the purchase accounting analysis during the first quarter of 2016. As a result of updated information, the Company increased the net in-place lease liabilities assumed in the Aviv Merger (which required the Company to update amortization associated with the assumed Aviv in-place leases). During the fourth quarter of 2015, the Company recorded \$5.4 million of additional amortization associated with the updated valuation of the assumed in-place leases that would have been recorded in second and third quarter of 2015 had the updated information been known (the “Catch-up Adjustment”). No full year adjustment is required since the fourth quarter Catch-up Adjustment is related to “timing of amortization” of the assumed in-place leases. Fourth quarter Adjusted FFO excluded (deducted) the \$5.4 million Catch-up Adjustment from Non-cash revenues for the quarter.
- (2) On September 25, 2015, the Company irrevocably deposited approximately \$615.0 million to the trustee to call and redeem its \$575 million 6.75% Notes due 2022. This amount included the \$575 million principal, a redemption premium of 3.375%, semi-annual interest and additional interest to the redemption date of October 26, 2015. The \$615.0 million was classified as “Other assets” on the Company’s financial statements. The Company has adjusted (or added back) 8 days of interest at 6.75% resulting from the requirement to deposit with the trustee in September.
- (3) The \$61.3 million of Non-cash revenues includes \$5.4 million of additional amortization associated with the updated valuation of the assumed Aviv in-place leases recorded in fourth quarter of 2015.

Funds From Operations (“FFO”), Adjusted FFO and 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 exclude 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 include 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 (computed in accordance with GAAP), adjusted for the effects of asset dispositions and certain non-cash items, primarily depreciation and amortization and impairments on real estate assets, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect funds from operations on the same basis. 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.

Adjusted FFO is calculated as FFO 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. 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.

The Company uses these non-GAAP measures among the criteria to measure the operating performance of its business. The Company also uses Adjusted FFO among the performance metrics for performance-based compensation of officers. 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. These non-GAAP measures 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 these non-GAAP measures as substitutes for any GAAP measure, including net income.

For information regarding Adjusted Total Debt and Adjusted Book Capitalization, see the “Capitalization: Book and Market Capitalization with Ratios” section of this supplement.

EBITDA Reconciliation and Debt Coverage Ratio Calculation

Unaudited

(in thousands)

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 December 31, 2016 were 4.3x, 4.7x and 4.7x, 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 4th quarter assuming an October 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.

	<u>Three Months Ended</u> <u>December 31, 2016</u>
Net income.....	\$ 129,883
Depreciation and amortization.....	70,808
Depreciation - unconsolidated joint venture	1,107
Interest.....	46,876
Income taxes.....	623
EBITDA.....	\$ 249,297
Deduct gain on assets sold - net	(30,277)
Deduct acquisition and merger related costs.....	(2)
Add back non-cash provision for uncollectible mortgages, notes and accounts receivable.....	5,878
Add back non-cash provision for impairments on real estate properties.....	-
Add back stock-based compensation expense.....	3,674
Adjusted EBITDA.....	\$ 228,570
Add incremental proforma EBITDA from new investments in 4th Quarter	255
Adjusted proforma EBITDA.....	\$ 228,825
DEBT	
Revolving line of credit.....	\$ 190,000
Term loans.....	1,100,000
Secured borrowings	54,954
Unsecured borrowings.....	3,073,000
FMV adjustment of assumption of debt	490
Premium/(discount) on unsecured borrowings (net).....	(17,641)
Deferred financing costs (net).....	(33,949)
Total debt.....	\$ 4,366,854
Deduct balance sheet cash and cash equivalents.....	(93,687)
Net total debt.....	\$ 4,273,167
Deduct FMV adjustment for assumption of debt	(490)
Add back discount (deduct premium) on unsecured borrowings (net).....	17,641
Add back deferred financing costs (net).....	33,949
Adjusted total debt (aka Funded Debt).....	\$ 4,324,267
Funded Debt / annualized EBITDA	4.3 x
Funded Debt / adjusted annualized EBITDA	4.7 x
Funded Debt / adjusted pro forma annualized EBITDA.....	4.7 x

EBITDA Reconciliation and Fixed Charge and Interest Coverage Ratio Calculation

Unaudited

(in thousands)

Our EBITDA to total interest expense ratio, adjusted EBITDA to total interest expense ratio and adjusted EBITDA to fixed charges as of December 31, 2016 were 5.3x, 4.9x and 4.7x, 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.

	<u>Three Months Ended</u> <u>December 31, 2016</u>
Net income.....	\$ 129,883
Depreciation and amortization.....	70,808
Depreciation - unconsolidated joint venture	1,107
Interest.....	46,876
Income taxes.....	623
EBITDA.....	\$ 249,297
Deduct gain on assets sold - net.....	(30,277)
Deduct acquisition and merger related costs.....	(2)
Add back non-cash provision for uncollectible mortgages, notes and accounts receivable.....	5,878
Add back non-cash provision for impairments on real estate properties.....	-
Add back stock-based compensation expense.....	3,674
Adjusted EBITDA.....	\$ 228,570
 FIXED CHARGES	
Interest expense.....	\$ 44,375
Amortization of non-cash deferred financing charges.....	2,501
Total interest expense.....	\$ 46,876
Add back: capitalized interest.....	1,829
Total fixed charges.....	\$ 48,705
 EBITDA / total interest expense ratio.....	 5.3 x
Adjusted EBITDA / total interest expense ratio.....	4.9 x
Adjusted EBITDA / fixed charge coverage ratio.....	4.7 x

PORTFOLIO METRICS

EBITDARM Coverage: Represents EBITDARM of our operators, defined as earnings before interest, taxes, depreciation, amortization, Rent expense and management fees for the applicable period, divided by the total Rent paid to the Company by its operators during such period.

EBITDAR Coverage: Represents EBITDAR of our operators, defined as earnings before interest, taxes, depreciation, amortization, and Rent expense for the applicable period, divided by the total Rent paid to the Company by its operators during such period. Assumes a management fee of 4%.

Portfolio Occupancy: Represents the average daily number of beds at the Company's properties that are occupied during the applicable period divided by the total number of total operating beds at the Company's properties that are available for use during the applicable period.

Property Type: ALF = assisted living facility; SNF = skilled nursing facility

Portfolio metrics and other statistics are not derived from Omega's financial statements but are operating statistics that the Company derives from reports that it receives from its operators pursuant to Omega's triple-net leases and mortgages. As a result, the Company's portfolio metrics typically lag its own financial statements by approximately one quarter. Portfolio metrics exclude assets held for sale, closed properties, properties under construction and, with certain exceptions for shorter periods, properties within 24 months of completion of construction.

Rent: Refers to the total monthly rent and mortgage interest due under all of the Company's lease and mortgage agreements as of the date specified, calculated based on the first full month following the specified date. Omega calculates "annualized rent" for properties during a period by utilizing the amount of rent under contract as of the last day of the period and assumes that amount of rent was received in respect of such property throughout the entire period.

NON-GAAP FINANCIAL MEASURES

FFO: Funds from Operations (FFO), is defined as net income (computed in accordance with GAAP), adjusted for the effects of asset dispositions and certain non-cash items, primarily depreciation and amortization and impairments on real estate assets, and after adjustments for unconsolidated partnerships and joint ventures.

AFFO: Adjusted FFO (AFFO) is calculated as FFO excluding the impact of non-cash stock-based compensation and certain revenue and expense items identified above.

FAD: Funds Available for Distribution (FAD) is calculated as AFFO less non-cash interest expense and non-cash revenue, such as straight-line rent.

A further discussion of the Non-GAAP Financial Measures defined above is provided on page 18 of this supplement.