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

		Three Months Ended March 31, 2018
Net income	$	87,933
Deduct gain from real estate dispositions		(17,500)
Sub-total	$	70,433
Elimination of non-cash items included in net income:		
Depreciation and amortization		70,361
Depreciation - unconsolidated joint venture		1,657
Add back non-cash provision for impairments on real estate properties		4,914
Add back non-cash provision for impairments on real estate properties of unconsolidated joint venture		608
Funds from operations	$	147,973
Weighted-average common shares outstanding, basic		198,911
Restricted stock and PRSUs		136
OP units		8,769
Weighted-average common shares outstanding, diluted		207,816
Funds from operations per share		0.7120
Adjusted funds from operations:		
Funds from operations	$	147,973
Deduct unrealized gain on warrants		(581)
Add back one-time buy-out of purchase option		2,000
Add back non-cash provision for uncollectible accounts		7,814
Add back stock-based compensation expense		4,056
Adjusted funds from operations	$	161,262
Adjusted funds from operations per share	$	0.7760

Funds From Operations ("FFO"), Adjusted FFO and 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. 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 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. 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.

EBITDA is defined as earnings before interest, taxes, depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization, gain or loss on asset sales-net, provisions for impairment and certain non-recurring revenues and expenses.

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. These materials should be read in conjunction with our most recent earnings release.

Our ratios of Funded Debt to annualized EBITDA, adjusted annualized EBITDA and Funded Debt to adjusted pro forma annualized EBITDA as of March 31, 2018 were 5.49x, 5.45x and 5.24x, respectively. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA eliminates items such as acquisition 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 (i) new investments and divestitures made during the 1st quarter assuming an January 1st purchase or sale date, (ii) inception to date funding of construction in progress multiplied by the estimated contractual quarterly yield assuming an January 1st in-service date and (iii) revenue from Daybreak (see footnote 2). 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
FUNDED DEBT COVERAGE RATIO CALCULATION
Unaudited
(In thousands)

		Three Months Ended March 31, 2018	
Net income	$	87,933	
Depreciation and amortization		70,361	
Depreciation - unconsolidated joint venture		1,657	
Interest - net		50,250	
Income taxes		543	
EBITDA	$	210,744	
Deduct gain on assets sold - net		(17,500)	
Deduct foreign currency gain		(59)	
Deduct unrealized gain on warrants		(581)	
Add back one-time buy-out of purchase option		2,000	
Add back non-cash provision for uncollectible accounts		7,814	
Add back non-cash provision for impairments on real estate properties		4,914	
Add back non-cash provision for impairments on real estate properties of unconsolidated joint venture		608	
Add back stock-based compensation expense		4,056	
Adjusted EBITDA	$	211,996	
Add incremental pro forma EBITDA from new investments in Q1		3,615	(1)
Add incremental pro forma EBITDA from construction in progress through Q1		3,837	(1)
Add incremental revenue/EBITDA from Daybreak		2,909	(2)
Deduct incremental pro forma revenue from Q1 asset divestitures		(1,827)	(1)
Adjusted pro forma EBITDA	$	220,530	
DEBT			
Revolving line of credit	$	355,000	
Term loans		915,180	
Secured borrowings		53,338	
Unsecured borrowings		3,371,500	
FMV adjustment of assumption of debt		348	
Premium/(discount) on unsecured borrowings - net		(20,784)	
Deferred financing costs - net		(30,903)	
Total debt	$	4,643,679	
Deduct balance sheet cash and cash equivalents		(71,231)	
Net total debt	$	4,572,448	
Deduct FMV adjustment for assumption of debt		(348)	
Add back discount (deduct premium) on unsecured borrowings - net		20,784	
Add back deferred financing costs - net		30,903	
Adjusted total debt (a/k/a Funded Debt)	$	4,623,787	
Funded Debt / annualized EBITDA		**5.49 x**	
Funded Debt / adjusted annualized EBITDA		**5.45 x**	
Funded Debt / adjusted pro forma annualized EBITDA		**5.24 x**	

(1) Used to calculate leverage only.

(2) Removed Daybreak from cash basis on March 1, 2018 and recorded one month of revenue for the three months ended March 31, 2018; represents the additional two months of quarterly revenue not recorded.

NOTE: Assuming the Orianna facilities generate $32 million of annual rent or rent equivalents post-transition (or the low end of the $32M to $38M range of anticipated outcomes), the adjusted pro forma EBITDA would be $229 million, and our Funded Debt / adjusted pro forma annualized EBITDA ratio would be approximately 5x. The Company and Orianna have entered into a Restructuring and Support Agreement that contemplates the sale and transfer of facilities subject to bankruptcy court approval. The timing and terms of the transition of the Orianna portfolio may vary materially due to the bankruptcy process.

Our adjusted EBITDA to total interest expense ratio and adjusted EBITDA to fixed charges as of March 31, 2018 were 4.2x and 4.0x, 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 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, 2018
Net income	$	87,933
Depreciation and amortization		70,361
Depreciation - unconsolidated joint venture		1,657
Interest -net		50,250
Income taxes		543
EBITDA	$	210,744
Deduct gain on assets sold - net		(17,500)
Deduct foreign currency gain		(59)
Deduct unrealized gain on warrants		(581)
Add back one-time buy-out of purchase option		2,000
Add back non-cash provision for uncollectible accounts		7,814
Add back non-cash provision for impairments on real estate properties		4,914
Add back non-cash provision for impairments on real estate properties of unconsolidated joint venture.		608
Add back stock-based compensation expense		4,056
Adjusted EBITDA	$	211,996
FIXED CHARGES		
Interest expense	$	48,007
Amortization of non-cash deferred financing charges		2,243
Refinancing costs		-
Total interest expense	$	50,250
Add back: capitalized interest		2,296
Less: refinancing charges		-
Total fixed charges	$	52,546
Adjusted EBITDA / total interest expense ratio		**4.2 x**
Adjusted EBITDA / fixed charge coverage ratio		**4.0 x**

NOTE: Placed Orianna on a cash basis and recorded no revenue in the three months ended March 31, 2018. The Company and Orianna have entered into a Restructuring and Support Agreement that contemplates the sale and transfer of facilities subject to bankruptcy court approval. The timing and terms of the transition of the Orianna portfolio may vary materially due to the bankruptcy process. The Company anticipates annual contractual rent will likely be in a range of $32M to $38M once the Orianna transition is complete.

OMEGA HEALTHCARE INVESTORS, INC.
FUNDS AVAILABLE FOR DISTRIBUTION
Unaudited
(In thousands, except per share amounts)

		Three Months Ended March 31, 2018
Net income	$	87,933
Deduct gain on assets sold - net		(17,500)
Sub-total	$	70,433
Elimination of non-cash items included in net income:		
Depreciation and Amortization		70,361
Depreciation - unconsolidated joint venture		1,657
Add back non-cash provision for impairments on real estate properties		4,914
Add back non-cash provision for impairments on real estate properties of unconsolidated joint venture.		608
Funds from operations	$	147,973
Adjustments:		
Deduct unrealized gain on warrants		(581)
Add back one-time buy-out of purchase option		2,000
Add back non-cash provision for uncollectible accounts		7,814
Add back stock-based compensation expense		4,056
Adjusted funds from operations	$	161,262
Adjustments:		
Non-cash interest expense		2,216
Capitalized interest		(2,296)
Non-cash revenues		(17,380)
Funds available for distribution (FAD)	$	143,802
Weighted-average common shares outstanding, basic		198,911
Restricted stock and PRSUs		136
OP units		8,769
Weighted-average common shares outstanding, diluted		207,816
FAD per share, diluted	$	0.6920

Percentages of adjusted total debt to adjusted book capitalization and adjusted total debt to total market capitalization at March 31, 2018 were 54.8% and 45.6%, 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 March 31, 2018 plus adjusted total debt.

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

Unaudited
(In thousands)

		At March 31, 2018
Revolving line of credit	$	355,000
Term loans		915,180
Secured borrowings		53,338
Unsecured borrowings		3,371,500
FMV adjustment of assumption of debt		348
Premium/(discount) unsecured borrowings (net)		(20,784)
Deferred financing costs (net)		(30,903)
Total debt	$	4,643,679
Deduct FMV adjustment of assumption of debt		(348)
Add back discount (deduct premium) on unsecured borrowings (net)		20,784
Add back deferred financing costs (net)		30,903
Adjusted total debt	**$**	**4,695,018**
BOOK CAPITALIZATION		
Adjusted total debt	$	4,695,018
Omega stockholders' equity		3,538,448
Noncontrolling interest		331,952
Adjusted book capitalization	**$**	**8,565,418**
MARKET CAPITALIZATION		
Omega common shares and OP units outstanding at 3/31/2018		207,364
Market price of common stock at 3/31/2018	$	27.04
Market capitalization of common stock at 3/31/2018		5,607,123
Market capitalization of publicly traded securities		5,607,123
Add adjusted total debt		4,695,018
Total market capitalization	**$**	**10,302,141**
Adjusted total debt / adjusted book capitalization		**54.8%**
Adjusted total debt / total market capitalization		**45.6%**

2018 ADJUSTED FFO GUIDANCE AFFIRMED

The Company affirmed its 2018 Adjusted FFO guidance of $2.96 to $3.06 per diluted share.

Bob Stephenson, Omega's CFO commented, "Our better than expected first quarter results largely reflect the timing of new investments and asset sales. A number of planned asset sales were completed later in the quarter than originally assumed. Accordingly, we are reaffirming our previously issued guidance for 2018 annual AFFO and FAD." Mr. Stephenson continued, "As I stated in February; we expanded our guidance range for this year as the timing of asset sales and the redeployment of capital from those sales, as well as the timing of the ultimate resolution of the Orianna portfolio through the bankruptcy process may significantly impact our results." Mr. Stephenson concluded, "Our asset sales and approximately $275 million of potential asset dispositions are on track to be completed over the next several months. We expect to redeploy most of the capital from the sales by year end; although the actual timing may vary."

The following table presents a reconciliation of Omega's guidance regarding Adjusted FFO to projected GAAP earnings.

	2018 Annual Adjusted FFO Guidance Range (per diluted common share)
	Full Year
Net Income	$1.48- $1.58
Depreciation	1.40
Gain on assets sold	(0.08)
Real estate impairment	0.03
FFO	**$2.83 - $2.93**
Adjustments:	
Unalized gain on warrants	0.00
Purchase option buyout	0.01
Provision for uncollectible accounts	0.04
Stock-based compensation expense	0.08
Adjusted FFO	**$2.96 - $3.06**

Note: All per share numbers rounded to 2 decimals.

The Company's Adjusted FFO guidance for 2018 reflects the impact of approximately $100 million of planned capital renovation projects (of which $38 million was completed in Q1), $98 million of assets sold and mortgages repaid in Q1 2018, the sale of $143 million of assets held for sale, approximately $125 million of potential divestitures and the redeployment of capital from asset sales. It assumes the Company will not be recording revenue related to its Orianna portfolio for the majority of 2018. It also excludes the impact of gains and losses from the sale of assets, certain revenue and expense items, interest refinancing expense, capital transactions, acquisition costs, and additional provisions for uncollectible accounts, if any. The Company may, from time to time, update its publicly announced Adjusted FFO 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.