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

		Three Months Ended June 30, 2018
Net income	$	81,986
Add back loss from real estate dispositions		2,891
Add back loss from real estate dispositions - unconsolidated joint venture		640
Sub-total	$	85,517
Elimination of non-cash items included in net income:		
Depreciation and amortization		69,609
Depreciation - unconsolidated joint venture		1,466
Deduct non-cash recovery for impairments on real estate properties		(1,097)
Funds from operations	$	155,495
Weighted-average common shares outstanding, basic		199,497
Restricted stock and PRSUs		197
OP units		8,766
Weighted-average common shares outstanding, diluted		208,460
Funds from operations per share		0.7459
Adjusted funds from operations:		
Funds from operations	$	155,495
Deduct unrealized gain on warrants		(1,021)
Add back non-cash provision for uncollectible accounts		564
Add back stock-based compensation expense		4,089
Adjusted funds from operations	$	159,127
Adjusted funds from operations per share	$	0.7633

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 income statement, 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 June 30, 2018 were 5.49x, 5.33x and 5.26x, 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 2nd quarter assuming an April 1st purchase or sale date and (ii) inception to date funding of construction in progress multiplied by the estimated contractual quarterly yield assuming an April 1st in-service 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
FUNDED DEBT COVERAGE RATIO CALCULATION
Unaudited
(In thousands)

	Three Months Ended June 30, 2018	
Net income	$ 81,986	
Depreciation and amortization	69,609	
Depreciation - unconsolidated joint venture	1,466	
Interest - net	50,220	
Income taxes	838	
EBITDA	$ 204,119	
Deduct unrealized gain on warrants	(1,021)	
Deduct non-cash recovery for impairments on real estate properties	(1,097)	
Add back loss on assets sold - net	2,891	
Add back loss on assets sold - unconsolidated joint venture	640	
Add back foreign currency loss	66	
Add back non-cash provision for uncollectible accounts	564	
Add back stock-based compensation expense	4,089	
Adjusted EBITDA	$ 210,251	
Add incremental pro forma EBITDA from new investments in Q2	1,980	(1)
Add incremental pro forma EBITDA from construction in progress through Q2	4,684	(1)
Deduct incremental pro forma revenue from Q2 asset divestitures	(3,593)	(1)
Adjusted pro forma EBITDA	$ 213,322	
DEBT		
Revolving line of credit	$ 220,000	
Term loans	907,030	
Secured borrowings	-	
Unsecured borrowings	3,370,000	
FMV adjustment of assumption of debt	322	
Premium/(discount) on unsecured borrowings - net	(20,120)	
Deferred financing costs - net	(29,175)	
Total debt	$ 4,448,057	
Deduct balance sheet cash and cash equivalents	(10,951)	
Net total debt	$ 4,437,106	
Deduct FMV adjustment for assumption of debt	(322)	
Add back discount (deduct premium) on unsecured borrowings - net	20,120	
Add back deferred financing costs - net	29,175	
Adjusted total debt (a/k/a Funded Debt)	$ 4,486,079	
Funded Debt / annualized EBITDA	**5.49 x**	
Funded Debt / adjusted annualized EBITDA	**5.33 x**	
Funded Debt / adjusted pro forma annualized EBITDA	**5.26 x**	

(1) Used to calculate leverage only.

NOTE: Assuming the legacy 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 $221 million, and our Funded Debt / adjusted pro forma annualized EBITDA ratio would be approximately 5x. The timing and terms of the transition of the legacy 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 June 30, 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 June 30, 2018
Net income	$	81,986
Depreciation and amortization		69,609
Depreciation - unconsolidated joint venture		1,466
Interest - net		50,220
Income taxes		838
EBITDA	$	204,119
Deduct unrealized gain on warrants		(1,021)
Deduct non-cash recovery for impairments on real estate properties		(1,097)
Add back loss on assets sold - net		2,891
Add back loss on assets sold - unconsolidated joint venture		640
Add back foreign currency loss		66
Add back non-cash provision for uncollectible accounts		564
Add back stock-based compensation expense		4,089
Adjusted EBITDA	$	210,251
FIXED CHARGES		
Interest expense	$	47,978
Amortization of non-cash deferred financing charges		2,242
Refinancing costs		-
Total interest expense	$	50,220
Add back: capitalized interest		2,608
Less: refinancing charges		-
Total fixed charges	$	52,828
Adjusted EBITDA / total interest expense ratio		**4.2 x**
Adjusted EBITDA / fixed charge coverage ratio		**4.0 x**

NOTE: We recognize revenue from Orianna on a cash basis of accounting and recorded no revenue in the three months ended June 30, 2018. The timing and terms of the transition of the legacy Orianna portfolio may vary materially due to the bankruptcy process. The Company anticipates annual contractual rent or rent equivalents will likely be in a range of $32M to $38M once the transition of the legacy Orianna facilities is complete.

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

	Three Months Ended June 30, 2018
Net income	$ 81,986
Add back loss on assets sold - net	2,891
Add back loss on assets sold - unconsolidtated joint venture	640
Sub-total	$ 85,517
Elimination of non-cash items included in net income:	
Depreciation and Amortization	69,609
Depreciation - unconsolidated joint venture	1,466
Deduct recovery of non-cash provision for impairments on real estate properties	(1,097)
Add back non-cash provision for impairments on real estate properties of unconsolidated joint venture.	-
Funds from operations	$ 155,495
Adjustments:	
Deduct unrealized gain on warrants	(1,021)
Add back non-cash provision for uncollectible accounts	564
Add back stock-based compensation expense	4,089
Adjusted funds from operations	$ 159,127
Adjustments:	
Non-cash interest expense	2,215
Capitalized interest	(2,608)
Non-cash revenues	(18,432)
Funds available for distribution (FAD)	$ 140,302
Weighted-average common shares outstanding, basic	199,497
Restricted stock and PRSUs	197
OP units	8,766
Weighted-average common shares outstanding, diluted	208,460
FAD per share, diluted	$ 0.6730

Percentages of adjusted total debt to adjusted book capitalization and adjusted total debt to total market capitalization at June 30, 2018 were 53.8% and 41.0%, 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 June 30, 2018 plus adjusted total debt.

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

Unaudited
(In thousands)

		At June 30, 2018
Revolving line of credit	$	220,000
Term loans		907,030
Secured borrowings		-
Unsecured borrowings		3,370,000
FMV adjustment of assumption of debt		322
Discount on unsecured borrowings - net		(20,120)
Deferred financing costs - net		(29,175)
Total debt	$	4,448,057
Deduct FMV adjustment of assumption of debt		(322)
Add back discount on unsecured borrowings - net		20,120
Add back deferred financing costs - net		29,175
Adjusted total debt	**$**	**4,497,030**
BOOK CAPITALIZATION		
Adjusted total debt	$	4,497,030
Omega stockholders' equity		3,525,488
Noncontrolling interest		328,827
Adjusted book capitalization	**$**	**8,351,345**
MARKET CAPITALIZATION		
Omega common shares and OP units outstanding at 6/30/2018		209,098
Market price of common stock at 6/30/2018	$	31.00
Market capitalization of common stock at 6/30/2018		6,482,038
Market capitalization of publicly traded securities		6,482,038
Add adjusted total debt		4,497,030
Total market capitalization	**$**	**10,979,068**
Adjusted total debt / adjusted book capitalization		**53.8%**
Adjusted total debt / total market capitalization		**41.0%**

2018 ADJUSTED FFO GUIDANCE AFFIRMED

The Company increased the lower end of its 2018 Adjusted FFO guidance by $0.07 to its revised range of $3.03 to $3.06 per diluted share.

Bob Stephenson, Omega's CFO commented, "Similar to the first quarter, our better-than-expected second quarter results were predominantly due to planned asset sales occurring later in the quarter than initially assumed. Accordingly, we are increasing the low end of our guidance for 2018 annual AFFO and FAD." Mr. Stephenson continued, "As I stated when we issued our 2018 guidance in February, we expanded our initial guidance range this year due to lack of clarity around the timing of asset sales, capital redeployment and the ultimate resolution on Orianna. With the majority of our strategic asset repositioning complete, we feel comfortable increasing the low end of our guidance range. While we expect to redeploy most of the proceeds from the asset sales by year-end, the exact timing around redeployment will significantly impact where we fall within this revised guidance range."

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	$1.58- $1.61
Depreciation	1.38
Gain on assets sold - net	(0.07)
Real estate impairment	0.02
FFO	**$2.91 - $2.94**
Adjustments:	
Unalized gain on warrants	(0.01)
Purchase option buyout	0.01
Provision for uncollectible accounts	0.04
Stock-based compensation expense	0.08
Adjusted FFO	**$3.03 - $3.06**

Note: All per share numbers rounded to 2 decimals.

The Company's Adjusted FFO guidance for 2018 reflects the impact of capital renovation projects, $311 million of assets sold and mortgages repaid through Q2 2018, the sale of $4 million of assets held for sale, approximately $90+ 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, with the exception of $6.25 million ($12.5 million annually) related to Orianna's former Mississippi and Indiana facilities, which transitioned to two existing operators of the Company effective July 1 and August 1, respectively. 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.