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

		Three Months Ended December 31, 2018
Net income	$	64,903
Deduct gain from real estate dispositions		(15,526)
Sub-total	$	49,377
Elimination of non-cash items included in net income:		
Depreciation and amortization		70,598
Depreciation - unconsolidated joint venture		1,372
Add back provision for impairments on real estate properties		3,154
Funds from operations	$	124,501
Weighted-average common shares outstanding, basic		201,799
Restricted stock and PRSUs		1,619
OP units		8,714
Weighted-average common shares outstanding, diluted		212,132
Funds from operations per share		0.5869
Adjusted funds from operations:		
Funds from operations	$	124,501
Deduct one-time revenue		(1,110)
Add back provision for uncollectible accounts		326
Add back unrealized loss on warrants		211
Add back acquisition costs		383
Add back non-cash impairments on direct financing leases		27,153
Add back stock-based compensation expense		3,880
Adjusted funds from operations	$	155,344
Adjusted funds from operations per share	$	0.7323

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 December 31, 2018 were 6.07x, 5.53x and 5.37x, 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 4th quarter assuming a October 1st purchase or sale date and (ii) inception to date funding of construction in progress multiplied by the estimated contractual quarterly yield assuming an October 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

(000's)		Three Months Ended December 31, 2018	
Net income	$	64,903	
Depreciation and amortization		70,598	
Depreciation - unconsolidated joint venture		1,372	
Interest - net		50,814	
Income taxes		825	
EBITDA	$	188,512	
Deduct gain on assets sold - net		(15,526)	
Deduct foreign currency gain		(12)	
Deduct one-time revenue		(1,110)	
Add back provision for uncollectible accounts		326	
Add back unrealized loss on warrants		211	
Add back non-cash provision for impairments on real estate properties		3,154	
Add back non-cash impairments on direct financing leases		27,153	
Add back acquisition costs		383	
Add back stock-based compensation expense		3,880	
Adjusted EBITDA	$	206,971	
Add incremental pro forma EBITDA from new investments in Q4		979	(1)
Add incremental transition facilities for Orianna in Q4		383	(1) (2)
Add incremental pro forma EBITDA from construction in progress through Q4		5,841	(1)
Deduct incremental pro forma revenue from Q4 asset divestitures		(975)	(1)
Adjusted pro forma EBITDA	$	213,199	
DEBT			
Revolving line of credit	$	313,000	
Term loans		902,990	
Unsecured borrowings		3,370,000	
FMV adjustment of assumption of debt		270	
Premium/(discount) on unsecured borrowings - net		(18,793)	
Deferred financing costs - net		(26,845)	
Total debt	$	4,540,622	
Deduct balance sheet cash and cash equivalents		(10,300)	
Net total debt	$	4,530,322	
Deduct FMV adjustment for assumption of debt		(270)	
Add back discount (deduct premium) on unsecured borrowings - net		18,793	
Add back deferred financing costs - net		26,845	
Adjusted total debt (a/k/a Funded Debt)	$	4,575,690	
Funded Debt / annualized EBITDA		**6.07 x**	
Funded Debt / adjusted annualized EBITDA		**5.53 x**	
Funded Debt / adjusted pro forma annualized EBITDA		**5.37 x**	

(1) Used to calculate leverage only.

(2) The Orianna transition adjustment represents the full quarter cash rent impact of facilities that transitioned from Orianna to other operators during the third and fourth quarters of 2018.

NOTE: We previously estimated the legacy Orianna facilities would generate a total of $32 million to $38 million of annual cash rent or rent equivalents when the transition of the entire legacy Orianna portfolio is completed. In 2018, the Company transitioned 23 legacy Orianna facilities to five existing third party operators with annual cash rents of approximately $17.6 million. In December, the Company signed an agreement to transition three of the legacy Orianna facilities to an existing Omega operator (the license transfer is expected to occur in the first quarter of 2019) bringing the transitioned facilities annualized rent to approximately $19.1 million. In January 2019, the final 15 Orianna facilities were sold. The finalization of the Orianna portfolio transition and the expected redeployment of the sales proceeds is expected to generate annual rent or rent equivalents greater than the low end of the range. Applying the low end of this range (for conservative purposes) to our Q4 2018 results, adjusted pro forma EBITDA would have been approximately $217 million for the quarter and funded debt to adjusted pro forma annualized EBITDA ratio would have been approximately 5.28x. Additionally, if Daybreak had paid a full quarter of contractual rent in Q4, funded debt to adjusted pro forma annualized EBITDA ratio would have been approximately 5.17x.

Our adjusted EBITDA to total interest expense ratio and adjusted EBITDA to fixed charges as of December 31, 2018 were 4.1x and 3.8x, 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

(000's)		**Three Months Ended December 31, 2018**
Net income	$	64,903
Depreciation and amortization		70,598
Depreciation - unconsolidated joint venture		1,372
Interest - net		50,814
Income taxes		825
EBITDA	$	188,512
Deduct gain on assets sold - net		(15,526)
Deduct foreign currency gain		(12)
Deduct one-time revenue		(1,110)
Add back provision for uncollectible accounts		326
Add back unrealized loss on warrants		211
Add back non-cash provision for impairments on real estate properties		3,154
Add back non-cash impairments on direct financing leases		27,153
Add back acquisition costs		383
Add back stock-based compensation expense		3,880
Adjusted EBITDA	$	206,971
FIXED CHARGES		
Interest expense	$	48,577
Amortization of non-cash deferred financing charges		2,237
Total interest expense	$	50,814
Add back: capitalized interest		3,291
Total fixed charges	$	54,105
Adjusted EBITDA / total interest expense ratio		**4.1 x**
Adjusted EBITDA / fixed charge coverage ratio		**3.8 x**

NOTE: The finalization of the Orianna portfolio transition and the expected redeployment of the sales proceeds is expected to generate annual rent or rent equivalents of approximately $33 million. See the prior page and our earnings release issued February 11, 2019 for further information regarding the Orianna portfolio.

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

		Three Months Ended December 31, 2018
Net income	$	64,903
Deduct gain on assets sold - net		(15,526)
Sub-total	$	49,377
Elimination of non-cash items included in net income:		
Depreciation and Amortization		70,598
Depreciation - unconsolidated joint venture		1,372
Add back non-cash provision for impairments on real estate properties		3,154
Funds from operations	$	124,501
Adjustments:		
Deduct one-time revenue		(1,110)
Add back provision for uncollectible accounts		326
Add back unrealized loss on warrants		211
Add back acquisition costs		383
Add back non-cash impairment on direct financing leases		27,153
Add back stock-based compensation expense		3,880
Adjusted funds from operations	$	155,344
Adjustments:		
Non-cash interest expense		2,212
Capitalized interest		(3,291)
Non-cash revenues		(16,029)
Funds available for distribution (FAD)	$	138,236
Weighted-average common shares outstanding, basic		201,799
Restricted stock and PRSUs		1,619
OP units		8,714
Weighted-average common shares outstanding, diluted		212,132
FAD per share, diluted	$	0.6517

Percentages of adjusted total debt to adjusted book capitalization and adjusted total debt to total market capitalization at December 31, 2018 were 54.9% and 38.2%, 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, 2018 plus adjusted total debt.

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

Unaudited
(In thousands)

		At December 31, 2018
Revolving line of credit	$	313,000
Term loans		902,990
Unsecured borrowings		3,370,000
FMV adjustment of assumption of debt		270
Discount on unsecured borrowings - net		(18,793)
Deferred financing costs - net		(26,845)
Total debt	$	4,540,622
Deduct FMV adjustment of assumption of debt		(270)
Add back discount on unsecured borrowings - net		18,793
Add back deferred financing costs - net		26,845
Adjusted total debt	**$**	**4,585,990**
BOOK CAPITALIZATION		
Adjusted total debt	$	4,585,990
Omega stockholders' equity		3,444,441
Noncontrolling interest		320,043
Adjusted book capitalization	**$**	**8,350,474**
MARKET CAPITALIZATION		
Omega common shares and OP units outstanding at 12/31/2018		211,060
Market price of common stock at 12/31/2018	$	35.15
Market capitalization of common stock at 12/31/2018		7,418,759
Market capitalization of publicly traded securities		7,418,759
Add adjusted total debt		4,585,990
Total market capitalization	**$**	**12,004,749**
Adjusted total debt / adjusted book capitalization		**54.9%**
Adjusted total debt / total market capitalization		**38.2%**

2019 ADJUSTED FFO GUIDANCE

The Company currently expects its 2019 Adjusted FFO to be between $3.00 and $3.12 per diluted share.

Bob Stephenson, Omega's CFO commented, "Our 2019 guidance assumes that the MedEquities merger is completed in the second quarter. It also reflects the revenue reduction related to our fourth quarter 2018 asset sales and a 2019 six month forbearance period where we will receive reduced rental payments from Daybreak." Mr. Stephenson continued, "We expect to redeploy most of the cash proceeds from the Orianna transaction by mid-year; however, the timing is very unpredictable." Mr. Stephenson concluded, "Subject to equity market conditions, we may decide to issue equity under our ATM to continue to de-lever, which may significantly impact our guidance and we have therefore expanded our guidance range versus previous years. Further, in order to provide additional clarity to our longer-term expected operating performance, we have included fourth quarter 2019 estimated guidance along with our annual guidance."

The following table presents a reconciliation of Omega's guidance regarding Adjusted FFO for 2019 and the fourth quarter of 2019 to projected GAAP earnings.

Adjusted FFO Guidance Range (per diluted common share)

	2019 Q4	**Full Year**
Net Income	$0.42- $0.45	$1.43- $1.55
Depreciation	0.34	1.37
Depreciation – unconsolidated joint venture	0.00	0.02
Gain on assets sold - net	0.00	0.00
FFO	**$0.76 - $0.79**	**$2.82 - $2.94**
Adjustments:		
Acquisition/transaction costs	0.00	0.09
Interest – refinancing costs	0.00	0.00
Restructuring expenses	0.00	0.01
Stock-based compensation expense	0.02	0.08
Adjusted FFO	**$0.78 - $0.81**	**$3.00 - $3.12**

Note: All per share numbers rounded to 2 decimals.

See our earnings release issued February 11, 2019 for assumptions and other informaton related to our guidance. 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. The Company may, from time to time, update its publicly announced Adjusted FFO guidance, but it is not obligated to do so.

Forward-Looking Statements

This material 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, facility transitions, 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’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)the impact of healthcare reform and regulation, including cost containment measures and changes in reimbursement policies, procedures and rates; (iii) the ability of operators and borrowers to maintain the financial strength and liquidity necessary to satisfy their respective rent and debt obligations; (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 Omega to collect unpaid rent or interest during the pendency of a bankruptcy proceeding and retain security deposits for the debtor’s obligations, and other costs and uncertainties associated with operator bankruptcies; (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 and the impact of changes in tax laws and regulations affecting REITs; (ix) Omega’s ability to sell assets held for sale or complete potential asset sales on a timely basis and on terms that allow Omega to realize the carrying value of these assets; (x) Omega’s ability to re-lease, otherwise transition or sell underperforming 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) the potential impact of changes in the SNF and ALF market or local real estate conditions on the Company’s ability to dispose of assets held for sale for the anticipated proceeds or on a timely basis, or to redeploy the proceeds therefrom on favorable terms; (xiii) changes in interest rates; and (xiv) 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.