

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

	<u>Three Months Ended</u> <u>March 31, 2020</u>
Net income	\$ 92,279
Deduct gain from real estate dispositions	(1,838)
Deduct gain from real estate dispositions - unconsolidated joint ventures.....	(117)
Sub-total.....	<u>\$ 90,324</u>
Elimination of non-cash items included in net income:.....	
Depreciation and amortization.....	82,643
Depreciation - unconsolidated joint ventures.....	3,632
Add back provision for impairments on real estate properties.....	3,639
Add back unrealized loss on warrants.....	775
NAREIT funds from operations ("NAREIT FFO")	<u><u>\$ 181,013</u></u>
Weighted-average common shares outstanding, basic.....	227,261
Restricted stock and PRSUs.....	1,261
OP units.....	5,984
Weighted-average common shares outstanding, diluted.....	<u><u>234,506</u></u>
 NAREIT funds from operations available per share	 <u><u>0.7719</u></u>
 Adjusted funds from operations:	
NAREIT FFO.....	\$ 181,013
Deduct one-time revenue.....	(666)
Deduct acquisition and merger related costs.....	(225)
Add back provision for credit losses.....	1,486
Add back stock-based compensation expense.....	4,635
Adjusted funds from operations (Adjusted FFO)	<u><u>\$ 186,243</u></u>
 Adjusted FFO per share	 <u><u>\$ 0.7942</u></u>

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 and changes in the fair value of warrants. 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 NAREIT FFO excluding the impact of non-cash stock-based compensation and certain revenue and expense items (e.g., acquisition and merger related costs, provisions for uncollectible accounts, provisions for current expected credit losses, etc.). 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 may not be comparable to the NAREIT definition of funds from operations 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 FAD 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, 2020 were 5.56x, 5.38x and 5.24x, respectively. Funded Debt is defined as balance sheet debt adjusted for premiums/discounts, deferred financing costs, and to add back cash. 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 or subtracts from adjusted EBITDA the incremental EBITDA from (i) new investments and divestitures made during the 1st quarter assuming a January 1st purchase or sale date and (ii) inception to date funding of construction in progress multiplied by the estimated contractual quarterly yield assuming a January 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)	<u>Three Months Ended</u> <u>March 31, 2020</u>
Net income.....	\$ 92,279
Depreciation and amortization.....	82,643
Depreciation - unconsolidated joint ventures	3,632
Interest - net.....	55,161
Income taxes.....	1,005
EBITDA.....	\$ 234,720
Deduct gain on assets sold - net	(1,838)
Deduct gain on assets sold -unconsolidated joint ventures.....	(117)
Deduct one-time revenue.....	(666)
Deduct acquisition and merger related costs.....	(225)
Add back foreign currency loss.....	70
Add back unrealized loss on warrants.....	775
Add back provision for credit losses.....	1,486
Add back non-cash impairment on real estate properties.....	3,639
Add back stock-based compensation expense.....	4,635
Adjusted EBITDA.....	\$ 242,479
Add incremental pro forma EBITDA from new investments in Q1.....	605 ⁽¹⁾
Add incremental pro forma EBITDA from construction in progress through Q1.....	6,017 ⁽¹⁾
Deduct incremental pro forma revenue from Q1 asset divestitures	(196) ⁽¹⁾
Adjusted pro forma EBITDA.....	\$ 248,905
FUNDED DEBT	
Revolving line of credit.....	\$ 516,760
Term loans.....	799,000
Secured borrowings	387,835
Unsecured borrowings.....	3,863,541
FMV adjustment of assumption of debt	150
Premium/(discount) on unsecured borrowings - net.....	(22,368)
Deferred financing costs - net.....	(25,269)
Total debt.....	\$ 5,519,649
Deduct balance sheet cash and cash equivalents.....	(347,965)
Net total debt.....	\$ 5,171,684
Deduct FMV adjustment for assumption of debt	(150)
Add back discount (deduct premium) on unsecured borrowings - net.....	22,368
Add back deferred financing costs - net.....	25,269
Funded Debt.....	\$ 5,219,171
Funded Debt / annualized EBITDA	5.56 x
Funded Debt / adjusted annualized EBITDA	5.38 x
Funded Debt / adjusted pro forma annualized EBITDA.....	5.24 x

(1) Used to calculate leverage only.

Our adjusted EBITDA to total interest expense ratio and adjusted EBITDA to fixed charges as of March 31, 2020 were 4.4x and 4.1x, 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 March 31, 2020
Net income.....	\$ 92,279
Depreciation and amortization.....	82,643
Depreciation - unconsolidated joint ventures	3,632
Interest - net.....	55,161
Income taxes.....	1,005
EBITDA.....	\$ 234,720
Deduct gain on assets sold - net.....	(1,838)
Deduct gain on assets sold - unconsolidated joint ventures.....	(117)
Deduct one-time revenue.....	(666)
Deduct acquisition and merger related costs.....	(225)
Add back foreign currency loss.....	70
Add back unrealized loss on warrants.....	775
Add back provision for credit losses.....	1,486
Add back non-cash impairment on real estate properties.....	3,639
Add back stock-based compensation expense.....	4,635
Adjusted EBITDA.....	\$ 242,479
 FIXED CHARGES	
Interest expense.....	\$ 52,700
Amortization of non-cash deferred financing charges.....	2,461
Total interest expense.....	\$ 55,161
Add back: capitalized interest.....	3,646
Total fixed charges.....	\$ 58,807
 Adjusted EBITDA / total interest expense ratio.....	 4.4 x
 Adjusted EBITDA / fixed charge coverage ratio.....	 4.1 x

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

	Three Months Ended March 31, 2020
Net income	\$ 92,279
Deduct gain on assets sold - net.....	(1,838)
Deduct gain on assets sold - unconsolidated joint ventures.....	(117)
Sub-total.....	<u>\$ 90,324</u>
Elimination of non-cash items included in net income:.....	
Depreciation and Amortization.....	82,643
Depreciation - unconsolidated joint ventures	3,632
Add back non-cash provision for impairments on real estate properties.....	3,639
Add back unrealized loss on warrants.....	775
NAREIT funds from operations (NAREIT FFO)	\$ 181,013
Adjustments:	
Deduct one-time revenue.....	(666)
Deduct acquisition costs.....	(225)
Add back provision for credit losses.....	1,486
Add back stock-based compensation expense.....	4,635
Adjusted funds from operations (Adjusted FFO)	\$ 186,243
Adjustments:	
Non-cash interest expense.....	2,438
Capitalized interest	(3,646)
Non-cash revenues	(10,763)
Funds available for distribution (FAD)	<u>\$ 174,272</u>
Weighted-average common shares outstanding, basic.....	227,261
Restricted stock and PRSUs.....	1,261
OP units.....	5,984
Weighted-average common shares outstanding, diluted	<u>234,506</u>
FAD per share, diluted	<u>\$ 0.7431</u>

Percentages of adjusted total debt to adjusted book capitalization and adjusted total debt to total market capitalization at March 31, 2020 were 56.9% and 47.4%, 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, 2020 plus adjusted total debt.

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

Unaudited
(In thousands)

		At
		March 31, 2020
Revolving line of credit.....	\$	516,760
Term loans.....		799,000
Secured borrowing.....		387,835
Unsecured borrowings.....		3,863,541
FMV adjustment of assumption of debt		150
Discount on unsecured borrowings - net		(22,368)
Deferred financing costs - net.....		(25,269)
Total debt.....	\$	5,519,649
Deduct FMV adjustment of assumption of debt		(150)
Add back discount on unsecured borrowings - net.....		22,368
Add back deferred financing costs - net.....		25,269
Adjusted total debt.....	\$	5,567,136
 BOOK CAPITALIZATION.....		
Adjusted total debt.....	\$	5,567,136
Omega stockholders' equity.....		4,021,575
Noncontrolling interest		197,070
Adjusted book capitalization.....	\$	9,785,781
 MARKET CAPITALIZATION.....		
Omega common shares and OP units outstanding at 3/31/2020.....		232,851
Market price of common stock at 3/31/2020.....	\$	26.54
Market capitalization of common stock at 3/31/2020.....		6,179,866
Market capitalization of publicly traded securities.....		6,179,866
Add adjusted total debt.....		5,567,136
Total market capitalization.....	\$	11,747,002
 Adjusted total debt / adjusted book capitalization.....		
		56.9%
 Adjusted total debt / total market capitalization.....		
		47.4%