UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

OMEGA HEALTHCARE INVESTORS, INC.
OHI HEALTHCARE PROPERTIES LIMITED PARTNERSHIP

(Exact Name of Registrant as Specified in its Charter)

Maryland (Omega Healthcare Investors, Inc.)	**1-11316** (Omega Healthcare Investors, Inc.)	**38-3041398** (Omega Healthcare Investors, Inc.)
Delaware (OHI Healthcare Properties Limited Partnership)	**333-203447-11** (OHI Healthcare Properties Limited Partnership)	**36-4796206** (OHI Healthcare Properties Limited Partnership)
(State or other jurisdiction of incorporation or organization)	**(Commission file number)**	**(IRS EmployerIdentification No.)**

303 International Circle, Suite 200, Hunt Valley, MD 21030
(Address of principal executive offices)

(410) 427-1700
(Telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Registrant	Title of Each Class	Trading Symbol (s)	Name of Exchange on Which Registered
Omega Healthcare Investors, Inc.	Common Stock, $.10 Par Value	OHI	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Omega Healthcare Investors, Inc. Yes ☒ **No** ☐ **OHI Healthcare Properties Limited Partnership Yes** ☐ **No** ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Omega Healthcare Investors, Inc. Yes ☐ **No** ☒ **OHI Healthcare Properties Limited Partnership Yes** ☐ **No** ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Omega Healthcare Investors, Inc. Yes ☒ **No** ☐ **OHI Healthcare Properties Limited Partnership Yes** ☒ **No** ☐

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Omega Healthcare Investors, Inc. Yes ☒ **No** ☐ **OHI Healthcare Properties Limited Partnership Yes** ☒ **No** ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one:)

Omega Healthcare Investors, Inc.

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐
Smaller reporting company ☐	Emerging growth company ☐	

OHI Healthcare Properties Limited Partnership

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒
Smaller reporting company ☐	Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

Omega Healthcare Investors, Inc. ☐ **OHI Healthcare Properties Limited Partnership** ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Omega Healthcare Investors, Inc. Yes ☐ **No** ☒ **OHI Healthcare Properties Limited Partnership Yes** ☐ **No** ☒

The aggregate market value of the common stock Omega Healthcare Investors, Inc. held by non-affiliates was $ 7,941,285,634 as of June 28, 2019, the last business day of the registrant's most recently completed second fiscal quarter. The aggregate market value was computed using the $36.75 closing price per share for such stock on the New York Stock Exchange on such date.

As of February 19, 2020, there were 226,809,863 shares of Omega Healthcare Investors, Inc. common stock outstanding. As of February 19, 2020, OHI Healthcare Properties Limited Partnership had no publicly traded voting equity and no common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Proxy Statement for the registrant's 2020 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2019, is incorporated by reference in Part III herein.

EXPLANATORY NOTES

This report combines the annual reports on Form 10-K for the year ended December 31, 2019 of Omega Healthcare Investors, Inc. and OHI Healthcare Properties Limited Partnership ("Omega OP"). Unless stated otherwise or the context otherwise requires, (i) references to "Omega" or the "Company" mean Omega Healthcare Investors, Inc. and its consolidated subsidiaries, (ii) references to "Parent" refer to Omega Healthcare Investors, Inc. without regard to its consolidated subsidiaries, and (iii) references to "Omega OP" mean OHI Healthcare Properties Limited Partnership and its consolidated subsidiaries.

Omega is a self-administered real estate investment trust ("REIT") under the Internal Revenue Code of 1986. Omega is structured as an umbrella partnership REIT ("UPREIT") under which all of Omega's assets are owned directly or indirectly by, and all of Omega's operations are conducted directly or indirectly through, its operating partnership subsidiary, Omega OP.

Parent directly owned approximately 97% of the issued and outstanding partnership units in Omega OP (the "Omega OP Units") at December 31, 2019. Each Omega OP Unit (other than those owned by Parent) is redeemable at the election of the holder for cash equal to the then-fair market value of one share of common stock of Parent, subject to Parent's election to exchange the Omega OP Units tendered for redemption for common stock of the Parent on a one-for-one basis in an unregistered transaction, subject to adjustment as set forth in the partnership agreement. The management of Parent consists of the same members as the management of Omega OP.

The financial results of Omega OP are consolidated into the financial statements of Omega. Omega has no significant assets other than its investments in Omega OP. Omega and Omega OP are managed and operated as one entity. Omega OP has no significant assets other than its interests in non-guarantor subsidiaries.

We believe it is important for investors to understand the few differences between Omega and Omega OP in the context of how we operate as a consolidated company. Omega acts as the general partner of Omega OP. Net proceeds from equity issuances by Parent are contributed to Omega OP in exchange for additional partnership units. Parent and Omega OP incur indebtedness. The net proceeds of the Parent's borrowings are loaned to Omega OP. The outstanding senior notes and certain other debt of Parent is guaranteed by Omega OP.

The presentations of debt and related interest, including amounts accrued, stockholders' equity, owners' equity and noncontrolling interests, are the main areas of difference between the consolidated financial statements of Omega and Omega OP. The differences between debt, stockholders' equity and owners' equity result from differences in the debt or equity issued at the Parent and Omega OP levels. With respect to owners' equity, the units held by the partners in Omega OP other than the Parent are accounted for as owners' equity in Omega OP's financial statements and as noncontrolling interests in Omega's financial statements. Although classified differently, total debt and equity of Omega and Omega OP are the same.

We believe combining the annual reports on Form 10-K of Omega and Omega OP into this single report results in the following benefits:

- combined reports better reflect how management and the analyst community view the business as a single operating unit;
- combined reports enhance investors' understanding of Omega and Omega OP by enabling them to view the business as a whole and in the same manner as management;
- combined reports are more efficient for Omega and Omega OP and result in savings in time, effort and expense; and
- combined reports are more efficient for investors by reducing duplicative disclosure and providing a single document for their review.

In order to highlight the differences between Omega and Omega OP, the separate sections in this report for Omega and Omega OP specifically refer to Omega and Omega OP. In the sections that combine disclosure of Omega and Omega OP, this report refers to "we" and "us" and actions or holdings as being "our" actions or holdings. Although Omega OP and its subsidiaries hold all of our assets, we believe that reference to "we," "us" or "our" in this context is appropriate because the business is one enterprise and we operate substantially all of our business through Omega OP.

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Item 1 – Business

Overview; Recent Events

Omega Healthcare Investors, Inc. ("Omega") was formed as a real estate investment trust ("REIT") and incorporated in the State of Maryland on March 31, 1992. Omega is structured as an umbrella partnership REIT ("UPREIT") under which all of Omega's assets are owned directly or indirectly by, and all of Omega's operations are conducted directly or indirectly through, its operating partnership subsidiary, OHI Healthcare Properties Limited Partnership ("Omega OP"). Omega OP was formed as a limited partnership and organized in the State of Delaware on October 24, 2014. Unless stated otherwise or the context otherwise requires, the terms the "Company," "we," "our" and "us" means Omega and Omega OP, collectively.

The Company has one reportable segment consisting of investments in healthcare-related real estate properties located in the United States ("U.S.") and the United Kingdom ("U.K."). Our core business is to provide financing and capital to the long-term healthcare industry with a particular focus on skilled nursing facilities ("SNFs"), and assisted living facilities ("ALFs"), and to a lesser extent, independent living facilities ("ILFs"), and rehabilitation and acute care facilities ("specialty facilities") and medical office buildings ("MOBs"). Our core portfolio consists of long-term leases and mortgage agreements. All of our leases are "triple-net" leases, which require the operators (we use the term "operator" to refer to our tenants and mortgagors and their affiliates who manage and/or operate our properties) to pay all property-related expenses. Our mortgage revenue derives from fixed rate mortgage loans, which are secured by first mortgage liens on the underlying real estate and personal property of the mortgagor. Our other investment income derives from fixed and variable rate loans to our operators to fund working capital and capital expenditures. These loans, which may be either unsecured or secured by the collateral of the borrower, are classified as other investments.

Omega OP is governed by the Second Amended and Restated Agreement of Limited Partnership of OHI Healthcare Properties Limited Partnership, dated as of April 1, 2015 (the "Partnership Agreement"). Omega has exclusive control over Omega OP's day-to-day management pursuant to the Partnership Agreement. As of December 31, 2019, Omega owned approximately 97% of the issued and outstanding units of partnership interest in Omega OP ("Omega OP Units"), and other investors owned approximately 3% of the outstanding Omega OP Units.

On May 17, 2019, Omega and Omega OP completed their merger with MedEquities Realty Trust, Inc. ("MedEquities") and its subsidiary operating partnership and the general partner of its subsidiary operating partnership. Pursuant to the Agreement and Plan of Merger, as amended by the First Amendment to the Agreement and Plan of Merger, dated March 26, 2019, (the "Merger Agreement") Omega acquired MedEquities and MedEquities was merged with and into Omega (the "Merger") at the effective time of the Merger with Omega continuing as the surviving company. At the effective time, each outstanding share of MedEquities common stock was converted into the right to receive (i) 0.235 of a share of Omega common stock, plus cash in lieu of fractional shares, and (ii) $2.00 in cash. Pursuant to the Merger Agreement, MedEquities declared a special dividend of $0.21 per share of MedEquities common stock (the "Pre-Closing Dividend") payable to the holders of record of MedEquities common stock as of the trading day immediately prior to the closing date of the Merger, which dividend was payable following the effective time of the Merger together with the cash consideration under the Merger Agreement.

In 2019, we completed the following transactions totaling approximately $1.7 billion in new investments:

- $661 million acquisition by merger of MedEquities. In connection with the MedEquities Merger, we issued approximately 7.5 million shares of Omega common stock and paid approximately $63.7 million of cash consideration to former MedEquities stockholders. We borrowed approximately $350 million under our existing senior unsecured revolving credit facility to fund the cash consideration and the repayment of MedEquities' previously outstanding debt. As a result of the MedEquities Merger, we acquired 33 facilities subject to operating leases, four mortgages, three other investments and an investment in an unconsolidated joint venture. We also acquired other assets and assumed debt and other liabilities.

- $757 million Encore portfolio acquisition. We completed the $757 million portfolio acquisition of 60 facilities (the "Encore Portfolio"). Consideration at closing consisted of approximately $369 million of cash and the assumption of approximately $389 million in mortgage loans guaranteed by the U.S. Department of Housing and Urban Development ("HUD"). Our investment primarily consisted of $735 million of real estate assets and escrows.

- $104 million investment in an unconsolidated joint venture in the U.K., inclusive of transaction costs. We purchased a 49% interest in the joint venture from Healthpeak Properties, Inc. The joint venture primarily owns 67 care homes in the U.K. and development and working capital loans.

- Acquisition of three SNFs for approximately $25 million from an unrelated third party. The facilities are located in North Carolina and Virginia, and were added to an existing operator's master lease with an initial cash yield of 9.5% with 2.0% annual rent escalators.

- $192 million of investments in our capital expenditure programs.

As of December 31, 2019, our portfolio of investments included 987 healthcare facilities located in 40 states and the U.K. and operated by 71 third-party operators and was made up of the following:

- 784 SNFs, 114 ALFs, 28 specialty facilities and two MOBs;
- fixed rate mortgages on 47 SNFs, two ALFs and four specialty facilities; and
- six facilities closed and held for sale.

As of December 31, 2019, our investments in these facilities, net of impairments and allowances, totaled approximately $9.8 billion. In addition, we held other investments of approximately $419.2 million, consisting primarily of secured loans to third-party operators of our facilities and $199.9 million of investment in five unconsolidated joint ventures.

Summary of Financial Information by Asset Category

The following table summarizes our revenues by asset category for 2019, 2018 and 2017. (See *Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations, Note 3 – Properties*, *Note 4 – Direct Financing Leases, Note 5 – Mortgage Notes Receivable* and *Note 6 – Other Investments).*

Revenues by Asset Category
(in thousands)

	Year Ended December 31,		
	2019	2018	2017
Real estate related income:			
Rental income	$ 804,076	$ 767,340	$ 775,176
Income from direct financing leases	1,036	1,636	32,336
Mortgage interest income	76,542	70,312	66,202
Total real estate related revenues	881,654	839,288	873,714
Other investment income	43,400	40,228	29,225
Miscellaneous income	3,776	2,166	5,446
Total operating revenues	$ 928,830	$ 881,682	$ 908,385

The following table summarizes our real estate assets by asset category as of December 31, 2019 and 2018:

Assets by Category
(in thousands)

	As of December 31,	
	2019	2018
Real estate assets:		
Buildings	$ 7,056,106	$ 6,056,820
Land	901,246	786,174
Furniture, fixtures and equipment	515,421	447,610
Site improvements	287,655	250,917
Construction in progress	225,566	204,889
Total real estate assets	8,985,994	7,746,410
Investments in direct financing leases - net	11,488	132,262
Mortgage notes receivable - net	773,563	710,858
Total real estate related assets	9,771,045	8,589,530
Other investments	419,228	504,626
Investment in unconsolidated joint ventures	199,884	31,045
Assets held for sale - net	4,922	989
Total investments	$ 10,395,079	$ 9,126,190

Description of the Business

Investment Strategy. We maintain a portfolio of long-term healthcare facilities and mortgages on healthcare facilities located in the U.S. and the U.K. Our investments are generally geographically diverse and operated by a diverse group of established, middle-market healthcare operators that we believe meet our standards for quality and experience of management and creditworthiness. Our criteria for evaluating potential investments includes but is not limited to:

- the quality and experience of management and the creditworthiness of the operator of the facility;
- the facility's historical and forecasted cash flow and its ability to meet operational needs, capital expenditure requirements and lease or debt service obligations;
- the construction quality, condition and design of the facility;
- the location of the facility;
- the tax, growth, regulatory and reimbursement environment of the applicable jurisdiction;
- the occupancy rate for the facility and demand for similar healthcare facilities in the same or nearby communities; and
- the payor mix of private, Medicare and Medicaid patients at the facility.

As healthcare delivery continues to evolve, we continuously evaluate our assets, our operators and our markets to position our portfolio for long-term success. Our strategy includes applying data analytics to our investment underwriting and asset management, as well as selling or transitioning assets that do not meet our portfolio criteria.

We seek to obtain (i) contractual rent escalations under long-term, non-cancelable, “triple-net” leases and (ii) fixed-rate mortgage loans. We also typically seek to obtain substantial liquidity deposits, covenants regarding minimum working capital and net worth, liens on accounts receivable and other operating assets, and various provisions for cross-default, cross-collateralization and corporate and/or personal guarantees, when appropriate.

We prefer to invest in equity ownership of properties. Due to regulatory, tax or other considerations, we may pursue alternative investment structures. The following summarizes our primary investment structures. The average annualized yields described below reflect obligations under existing contractual arrangements. However, due to the nature of the long-term care industry, we cannot assure that the operators of our facilities will meet their payment obligations in full or when due. Therefore, the annualized yields as of December 31, 2019, set forth below, are not necessarily indicative of future yields, which may be lower.

Triple-Net Operating Leases. Triple-net operating leases typically range from 5 to 15 years, plus renewal options. Our leases generally provide for minimum annual rents that are subject to annual escalators. At December 31, 2019, our average annualized yield from operating leases was approximately 9.4%.

Direct Financing Leases. In addition to our typical lease agreements, two of our leases are being accounted for as direct financing leases with annual escalators. At December 31, 2019, our average annualized yield from the direct financing leases was approximately 9.0%.

Fixed-Rate Mortgages. Our mortgages typically have a fixed interest rate for the mortgage term and are secured by first mortgage liens on the underlying real estate and personal property of the mortgagor. At December 31, 2019, our average annualized yield on these investments was approximately 10.1%.

The table set forth in *Item 2 – Properties* contains information regarding our properties and investments as of December 31, 2019.

Borrowing Policies. We generally attempt to match the maturity of our indebtedness with the maturity of our investment assets and employ long-term, fixed-rate debt to the extent practicable in view of market conditions in existence from time to time.

We may use the proceeds of new indebtedness to finance our investments in additional healthcare facilities. In addition, we may invest in properties subject to existing loans, secured by mortgages, deeds of trust or similar liens on properties.

Policies With Respect To Certain Activities. With respect to our capital requirements, we typically rely on equity offerings, debt financing and retention of cash flow (subject to provisions in the Internal Revenue Code of 1986, as amended (the "Code") concerning taxability of undistributed REIT taxable income), or a combination of these methods. Our financing alternatives include bank borrowings, publicly or privately placed debt instruments, purchase money obligations to the sellers of assets or securitizations, any of which may be issued as secured or unsecured indebtedness.

We have the authority to issue our common stock or other equity or debt securities in exchange for property and to repurchase or otherwise reacquire our securities.

Subject to the percentage of ownership limitations and gross income and asset tests necessary for REIT qualification, we may invest in securities of other REITs, other entities engaged in real estate activities or securities of other issuers, including for the purpose of exercising control over such entities.

We may engage in the purchase and sale of investments. We do not underwrite the securities of other issuers.

Our officers and directors may change any of these policies without a vote of our stockholders. In the opinion of our management, our properties are adequately covered by insurance.

Competition. The healthcare industry is highly competitive and will likely become more competitive in the future. We face competition in making and pricing new investments from other public and private REITs, investment companies, private equity and hedge fund investors, healthcare operators, lenders, developers and other institutional investors, some of whom have greater resources and lower costs of capital than us. We believe our use of data analytics to underwrite investments and manage our portfolio may provide us a competitive advantage. Our operators compete on a local and regional basis with operators of facilities that provide comparable services. The basis of competition for our operators includes, amongst other factors, the quality of care provided, reputation, the physical appearance of a facility, price, the range of services offered, family preference, alternatives for healthcare delivery, the supply of competing properties, physicians, staff, referral sources, location and the size and demographics of the population and surrounding areas.

Increased competition makes it more challenging for us to identify and successfully capitalize on opportunities that meet our objectives. Our ability to compete is also impacted by national and local economic trends, availability of investment alternatives, availability and cost of capital, construction and renovation costs, existing laws and regulations, new legislation and population trends.

Taxation of Omega

The following is a general summary of the material United States federal income tax considerations applicable to (i) us, (ii) the holders of our securities and (iii) our election to be taxed as a REIT. It is not tax advice. This summary is not intended to represent a detailed description of the United States federal income tax consequences applicable to a particular holder of our securities in view of any person's particular circumstances, nor is it intended to represent a detailed description of the United States federal income tax consequences applicable to holders of our securities subject to special treatment under the federal income tax laws such as insurance companies, tax-exempt organizations, financial institutions, securities broker-dealers, non-U.S. persons, persons holding our securities as part of a hedge, straddle, or other risk reduction, constructive sales or conversion transaction, investors in pass-through entities, expatriates and taxpayers subject to alternative minimum taxation.

The following discussion, to the extent it constitutes matters of law or legal conclusions (assuming the facts, representations and assumptions upon which the discussion is based are accurate), represents some of the material United States federal income tax considerations relevant to ownership of our securities. The sections of the Code relating to the qualification and operation as a REIT are highly technical and complex. The following discussion sets forth certain material aspects of those sections. The information in this section is based on, and is qualified in its entirety by the Code; the Tax Act (as defined in Item 1A. "Risk Factors" below); current, temporary and proposed Treasury Regulations ("Treasury Regulations") promulgated under the Code; the legislative history of the Code; current administrative interpretations and practices of the Internal Revenue Service ("IRS"); and court decisions, in each case, as of the date of this report. In addition, the administrative interpretations and practices of the IRS include its practices and policies as expressed in private letter rulings, which are not binding on the IRS, except with respect to the particular taxpayers who requested and received those rulings. For purposes of the discussion below, the "Highest Regular Corporate Tax Rate" means 21% for taxable years beginning on or after January 1, 2018, and 35% for taxable years beginning before January 1, 2018.

General. We have elected to be taxed as a REIT, under Sections 856 through 860 of the Code, beginning with our taxable year ended December 31, 1992. We believe that we were organized and have operated in such a manner as to qualify for taxation as a REIT. We intend to continue to operate in a manner that will allow us to maintain our qualification as a REIT, but no assurance can be given that we have operated or will be able to continue to operate in a manner so as to qualify or remain qualified as a REIT. Omega OP is a pass through entity for United States federal income tax purposes.

If we qualify for taxation as a REIT, we generally will not be subject to federal corporate income taxes on our net income that is currently distributed to stockholders. However, we will be subject to certain federal income taxes as follows. First, we will be taxed at regular corporate rates on any undistributed REIT taxable income, including undistributed net capital gains; provided, however, that if we have a net capital gain, we will be taxed at regular corporate rates on our undistributed REIT taxable income, computed without regard to net capital gain and the deduction for capital gains dividends, plus a 21% (35% for taxable years beginning before January 1, 2018) tax on undistributed net capital gain, if our tax as thus computed is less than the tax computed in the regular manner. Second, for taxable years beginning before January 1, 2018, under certain circumstances, we may have been subject to the “alternative minimum tax” on our items of tax preference that we do not distribute or allocate to our stockholders. Third, if we have (i) net income from the sale or other disposition of “foreclosure property,” which is held primarily for sale to customers in the ordinary course of business, or (ii) other nonqualifying income from foreclosure property, we will be subject to tax at the Highest Regular Corporate Tax Rate on such income. Fourth, if we have net income from prohibited transactions (which are, in general, certain sales or other dispositions of property (other than foreclosure property) held primarily for sale to customers in the ordinary course of business by us (i.e., when we are acting as a dealer), such income will be subject to a 100% tax. Fifth, if we should fail to satisfy the 75% gross income test or the 95% gross income test (as discussed below), but nonetheless have maintained our qualification as a REIT because certain other remedial requirements have been met, we will be subject to a 100% tax on an amount equal to (a) the gross income attributable to the greater of the amount by which we fail the 75% or 95% test, multiplied by (b) a fraction intended to reflect our profitability. Sixth, if we should fail to distribute by the end of each year at least the sum of (i) 85% of our REIT ordinary income for such year, (ii) 95% of our REIT capital gain net income for such year, and (iii) any undistributed taxable income from prior periods, we will be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed. Seventh, we will be subject to a 100% excise tax on transactions with a taxable REIT subsidiary (“TRS”) that are not conducted on an arm’s-length basis. Eighth, if we acquire any asset that is defined as a “built-in gain asset” from a C corporation that is not a REIT (i.e., generally a corporation subject to full corporate-level tax) in a transaction in which the basis of the built-in gain asset in our hands is determined by reference to the basis of the asset (or any other property) in the hands of the C corporation, and we recognize gain on the disposition of such asset (for dispositions made in taxable years beginning after December 31, 2016) during the 5-year period beginning on the date on which such asset was acquired by us (such period, the “recognition period”), then, to the extent of the built-in gain (i.e., the excess of (a) the fair market value of such asset on the date such asset was acquired by us over (b) our adjusted basis in such asset on such date), our recognized gain will be subject to tax at the Highest Regular Corporate Tax Rate. The results described above with respect to the recognition of built-in gain assume that we will not make an election pursuant to Treasury Regulations Section 1.337(d)-7(c)(5).

Requirements for Qualification. The Code defines a REIT as a corporation, trust or association: (1) which is managed by one or more trustees or directors; (2) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest; (3) which would be taxable as a domestic corporation, but for Sections 856 through 859 of the Code; (4) which is neither a financial institution nor an insurance company as defined in provisions of the Code; (5) the beneficial ownership of which is held by 100 or more persons; (6) during the last half year of each taxable year not more than 50% in value of the outstanding stock of which is owned, actually or constructively, by five or fewer individuals (as defined in the Code to include certain entities); and (7) which meets certain other tests, described below, regarding the nature of its income and assets and the amount of its annual distributions to stockholders. The Code provides that conditions (1) to (4) inclusive, must be met during the entire taxable year and that condition (5) must be met during at least 335 days of a taxable year of twelve months, or during a proportionate part of a taxable year of less than twelve months. For purposes of conditions (5) and (6), pension funds and certain other tax-exempt entities are treated as individuals, subject to a “look-through” exception in the case of condition (6). We may avoid disqualification as a REIT for a failure to satisfy any of these tests if such failure is due to reasonable cause and not willful neglect, and we pay a penalty of $50,000 for each such failure.

Income Tests. To maintain our qualification as a REIT, we must satisfy two gross income requirements on an annual basis. First, at least 75% of our gross income (excluding gross income from prohibited transactions) for each taxable year must be derived directly or indirectly from investments relating to real property or mortgages on real property (including generally “rents from real property,” interest on mortgages on real property, and gains on sale of real property and real property mortgages, other than property described in Section 1221(a)(1) of the Code) and income derived from certain types of temporary investments. Second, at least 95% of our gross income (excluding gross income from prohibited transactions) for each taxable year must be derived from such real property investments, dividends, interest and gain from the sale or disposition of stock or securities other than property held for sale to customers in the ordinary course of business.

Rents received by us will qualify as “rents from real property” in satisfying the gross income requirements for a REIT described above only if several conditions are met. First, the amount of the rent must not be based in whole or in part on the net income or profits of any person. However, any amount received or accrued generally will not be excluded from the term “rents from real property” solely by reason of being based on a fixed percentage or percentages of gross receipts or sales. Second, the Code provides that rents received from a tenant (other than rent from a tenant that is a TRS that meets the requirements described below) will not qualify as “rents from real property” in satisfying the gross income tests if we, or an owner (actually or constructively) of 10% or more of the value of our stock, actually or constructively owns 10% or more of such tenant, which is defined as a related party tenant taking into account certain complex attribution rules. Third, if rent attributable to personal property, leased in connection with a lease of real property, is greater than 15% of the total rent received under the lease, then the portion of rent attributable to such personal property will not qualify as “rents from real property.” Finally, for rents received to qualify as “rents from real property,” we generally must not operate or manage the property, or furnish or render services to the tenants of such property, other than through an independent contractor from which we derive no revenue. We may, however, directly perform certain services that are “usually or customarily rendered” in connection with the rental of space for occupancy only and are not otherwise considered “rendered to the occupant” of the property. In addition, we may directly provide a minimal amount of “non-customary” services to the tenants of a property as long as our income from the services does not exceed 1% of our income from the related property. Furthermore, we may own up to 100% of the stock of a TRS, which may provide customary and non-customary services to our tenants without tainting our rental income from the related properties.

The term “interest” generally does not include any amount received or accrued (directly or indirectly) if the determination of such amount depends in whole or in part on the net income or profits of any person. However, an amount received or accrued generally will not be excluded from the term “interest” solely by reason of being based on a fixed percentage or percentages of gross receipts or sales. In addition, an amount that is based on the net income or profits of a debtor will be qualifying interest income as long as the debtor derives substantially all of its income from the real property securing the debt from leasing substantially all of its interest in the property, but only to the extent that the amounts received by the debtor would be qualifying “rents from real property” if received directly by a REIT.

If a loan contains a provision that entitles us to a percentage of the borrower’s gain upon the sale of the real property securing the loan or a percentage of the appreciation in the property’s value as of a specific date, income attributable to that loan provision will be treated as gain from the sale of the property securing the loan, which generally is qualifying income for purposes of both gross income tests.

Interest on debt secured by mortgages on real property or on interests in real property generally is qualifying income for purposes of the 75% gross income test. However, if the highest principal amount of a loan outstanding during a taxable year exceeds the fair market value of the real property securing the loan as of the date we agreed to originate or acquire the loan, a portion of the interest income from such loan will not be qualifying income for purposes of the 75% gross income test, but will be qualifying income for purposes of the 95% gross income test. The portion of the interest income that will not be qualifying income for purposes of the 75% gross income test will be equal to the portion of the principal amount of the loan that is not secured by real property. Further, in the case of a mortgage loan that is secured by both real and personal property, such allocation is required only if the fair market value of the personal property exceeds 15% of the value of the property. We do not expect the rules requiring the allocation of mortgage interest to have an impact on our ability to satisfy either of the gross income tests going forward.

A modification of a mortgage loan, if it is deemed significant for income tax purposes, could be considered to be the deemed issuance of a new mortgage loan that is subject to re-testing under these rules, with the possible re-characterization of the mortgage interest on such loan as non-qualifying income for purposes of the 75% gross income test (but not the 95% gross income test, which is discussed below), as well as non-qualifying assets under the asset test (discussed below) and the deemed exchange of the modified loan for the new loan could result in imposition of the 100% prohibited transaction tax (also discussed below). IRS guidance provides relief in the case of certain existing mortgage loans held by a REIT that are modified in response to these market conditions such that (i) the modified mortgage loan need not be re-tested for purposes of determining whether the income from the mortgage loan continues to be qualified income for purposes of the 75% gross income test or whether the mortgage loan retains its character as a qualified REIT asset for purposes of the asset test (discussed below), and (ii) the modification of the loan will not be treated as a prohibited transaction. At present, we do not hold any mortgage loans that have been modified, which would require us to take advantage of these rules for special relief. We monitor our mortgage loans and direct financing leases for compliance with the above rules.

Prohibited Transactions. We will incur a 100% tax on the net income derived from any sale or other disposition of property, other than foreclosure property, that we hold primarily for sale to customers in the ordinary course of a trade or business. We believe that none of our assets are primarily held for sale to customers and that a sale of any of our assets would not be in the ordinary course of our business. Whether a REIT holds an asset primarily for sale to customers in the ordinary course of a trade or business depends, however, on the facts and circumstances in effect from time to time, including those related to a particular asset. The Code provides a set of "safe-harbor provisions," which, if met, generally will exempt a sale or disposition of property by us from being subject to the 100% tax on sales to customers in the ordinary course of our trade or business. In connection with the sale of any of our assets, we generally attempt to comply with the terms of safe-harbor provisions in the Code so as to minimize the risk that a sale of property by us would be characterized as a prohibited transaction and subject to the 100% tax on any gain from such sale. The Code also provides a number of alternative exceptions from the 100% tax on "prohibited transactions" if certain requirements have been satisfied with respect to property disposed of by a REIT. These requirements relate primarily to the number and/or amount of properties disposed of by a REIT, the period of time the property has been held by the REIT, and/or aggregate expenditures made by the REIT with respect to the property being disposed of. The conditions needed to meet these requirements have been lowered several times through amendments to the Code. However, we cannot assure that we will be able to comply with the safe-harbor provisions or that we would be able to avoid the 100% tax on prohibited transactions if we were to dispose of an owned property that otherwise may be characterized as property that we hold primarily for sale to customers in the ordinary course of a trade or business.

Foreclosure Property. We will be subject to tax at the Highest Regular Corporate Tax Rate on any income from foreclosure property, other than income that otherwise would be qualifying income for purposes of the 75% gross income test, less expenses directly connected with the production of that income. However, gross income from foreclosure property is treated as qualifying for purposes of the 75% and 95% gross income tests. Foreclosure property is any real property, including interests in real property, and any personal property incident to such real property:

- that is acquired by a REIT as the result of (i) the REIT having bid on such property at foreclosure, or having otherwise reduced such property to ownership or possession by agreement or process of law, after there was a default, or (ii) default was imminent on a lease of such property or on indebtedness that such property secured;
- for which the related loan or lease was acquired by the REIT at a time when the default was not imminent or anticipated; and
- for which the REIT makes a proper election to treat the property as foreclosure property.

Such property generally ceases to be foreclosure property at the end of the third taxable year following the taxable year in which the REIT acquired the property, or longer (for a total of up to six years) if an extension is granted by the Secretary of the Treasury. In the case of a "qualified health care property" acquired solely as a result of termination of a lease, but not in connection with default or an imminent default on the lease, the initial grace period terminates on the second (rather than the third) taxable year following the year in which the REIT acquired the property (unless the REIT establishes the need for and the Secretary of the Treasury grants one or more extensions, not exceeding six years in total, including the original two-year period, to provide for the orderly leasing or liquidation of the REIT's interest in the qualified health care property). This grace period terminates and foreclosure property ceases to be foreclosure property on the first day:

- on which a lease is entered into for the property that, by its terms, will give rise to income that does not qualify for purposes of the 75% gross income test, or any amount is received or accrued, directly or indirectly, pursuant to a lease entered into on or after such day that will give rise to income that does not qualify for purposes of the 75% gross income test;
- on which any construction takes place on the property, other than completion of a building or any other improvement, where more than 10% of the construction was completed before default became imminent; or
- which is more than 90 days after the day on which the REIT acquired the property and the property is used in a trade or business that is conducted by the REIT, other than through an independent contractor from whom the REIT itself does not derive or receive any income, through a TRS.

The definition of foreclosure property includes any "qualified health care property," as defined in Code Section 856(e)(6) acquired by us as the result of the termination or expiration of a lease of such property. We have from time to time operated qualified healthcare facilities acquired in this manner for up to two years (or longer if an extension was granted). However, we do not currently own any property with respect to which we have made foreclosure property elections. Properties that we had taken back in a foreclosure or bankruptcy and operated for our own account were treated as foreclosure properties for income tax purposes, pursuant to Code Section 856(e). Gross income from foreclosure properties was classified as "good income" for purposes of the annual REIT income tests upon making the election on the tax return. Once made, the income was classified as "good" for a period of three years, or until the properties were no longer operated for our own account. In all cases of foreclosure property, we utilized an independent contractor to conduct day-to-day operations to comply with certain REIT requirements. In certain cases, we operated these facilities through a taxable REIT subsidiary. For those properties operated through the taxable REIT subsidiary, we utilized an eligible independent contractor to conduct day-to-day operations to comply with certain REIT requirements. As a result of the foregoing, we do not believe that our participation in the operation of nursing homes increased the risk that we would fail to qualify as a REIT. Through our 2018 taxable year, we had not paid any tax on our foreclosure property because those properties had been producing losses. We cannot predict whether, in the future, our income from foreclosure property will be significant and whether we could be required to pay a significant amount of tax on that income.

Hedging Transactions. Our hedging activities may include entering into interest rate swaps, caps and floors, options to purchase these items and futures and forward contracts. To the extent that we enter into an interest rate swap or cap contract, option, futures contract, forward rate agreement, or any similar financial instrument for the purpose of hedging our indebtedness incurred to acquire or carry "real estate assets," any periodic income or gain from the disposition of that contract should be qualifying income and excluded from the computations determining compliance with the 95% and 75% gross income tests. As described in *Item 7A – Quantitative and Qualitative Disclosures About Market Risk*, we have entered into certain interest rate swap agreements to hedge our risk against fluctuations in interest rates and the swaps have been structured to satisfy the requirements of the tax treatment outlined above. Accordingly, our income and gain from our interest rate swap agreements generally is qualifying income and may be excluded from our computations in determining compliance with the 95% and 75% gross income tests. To the extent that we hedge with other types of financial instruments, or in other situations, it is not entirely clear how the income from those transactions will be treated for purposes of the gross income tests. We believe that we have structured and intend to continue to structure any hedging transactions in a manner that does not jeopardize our status as a REIT.

TRS Income. A TRS may earn income that would not be qualifying income if earned directly by the parent REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. If a TRS owns directly or indirectly owns more than 35% of the voting power or value of the stock of another corporation, the other corporation also will automatically be treated as a TRS. Overall, no more than 20% of the value of a REIT's assets may consist of securities of one or more TRSs (for taxable years beginning before January 1, 2018, the limitation on ownership of TRS stock was 25%). A TRS is permitted to own or lease a health care facility provided that the facility is operated and managed by an "eligible independent contractor." A TRS will pay income tax at regular corporate rates on any income that it earns. In addition, the new rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The rules also impose a 100% excise tax on transactions between a TRS and its parent REIT or the REIT's operators that are not conducted on an arm's-length basis. As stated above, we do not lease any of our facilities to any of our TRSs.

Failure to Satisfy Income Tests. If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may nevertheless qualify as a REIT for such year if we are entitled to relief under certain relief provisions of the Code. These relief provisions will be generally available if (1) our failure to meet such tests was due to reasonable cause and not due to willful neglect, (2) we attach a schedule of the sources of our income to our tax return, and (3) any incorrect information on the schedule was not due to fraud with intent to evade tax. It is not possible, however, to state whether in all circumstances we would be entitled to the benefit of these relief provisions. Even if these relief provisions apply, we would incur a 100% tax on the gross income attributable to the greater of the amounts by which we fail the 75% and 95% gross income tests, multiplied by a fraction intended to reflect our profitability and we would file a schedule with descriptions of each item of gross income that caused the failure.

Asset Tests. At the close of each quarter of our taxable year, we must also satisfy the following tests relating to the nature of our assets. First, at least 75% of the value of our total assets must be represented by real estate assets (including (i) our allocable share of real estate assets held by partnerships in which we own an interest and (ii) stock or debt instruments held for less than one year purchased with the proceeds of a stock offering or long-term (at least five years) debt offering of our company), cash, cash items and government securities. Second, of our investments not included in the 75% asset class, the value of our interest in any one issuer's securities may not exceed 5% of the value of our total assets. Third, we may not own more than 10% of the voting power or value of any one issuer's outstanding securities. Fourth, no more than 25% of the value of our total assets may be represented by nonqualified publicly offered REIT debt instruments. Fifth, no more than 20% of the value of our total assets may consist of the securities of one or more TRSs (25% in the case of a taxable year beginning before January 1, 2018). Sixth, no more than 25% of the value of our total assets may consist of the securities of TRSs and other non-TRS taxable subsidiaries, or other assets that are not qualifying assets for purposes of the 75% asset test.

For purposes of the second and third asset tests described above the term "securities" does not include our equity or debt securities of a qualified REIT subsidiary, a TRS, or an equity interest in any partnership, since we are deemed to own our proportionate share of each asset of any partnership of which we are a partner. Furthermore, for purposes of determining whether we own more than 10% of the value of only one issuer's outstanding securities, the term "securities" does not include: (i) any loan to an individual or an estate; (ii) any Code Section 467 rental agreement; (iii) any obligation to pay rents from real property; (iv) certain government issued securities; (v) any security issued by another REIT; and (vi) our debt securities in any partnership, not otherwise excepted under (i) through (v) above, (A) to the extent of our interest as a partner in the partnership or (B) if 75% of the partnership's gross income is derived from sources described in the 75% income test set forth above.

We may own up to 100% of the stock of one or more TRSs. However, overall, no more than 20% (or 25% with respect to taxable years beginning before January 1, 2018) of the value of our assets may consist of securities of one or more TRSs, and no more than 25% of the value of our assets may consist of the securities of TRSs and other non-TRS taxable subsidiaries (including stock in non-REIT C corporations) and other assets that are not qualifying assets for purposes of the 75% asset test. We believe that the value of our TRSs is substantially less than 20% of the value of our assets and we do not expect the value of our TRSs to increase materially in the future.

If the outstanding principal balance of a mortgage loan exceeds the fair market value of the real property securing the loan, a portion of such loan likely will not be a qualifying real estate asset for purposes of the 75% test. The nonqualifying portion of that mortgage loan will be equal to the portion of the loan amount that exceeds the value of the associated real property. Further, in the case of a mortgage loan that is secured by both real and personal property, such allocation is required only if the fair market value of the personal property exceeds 15% of the value of the property. We do not expect the rules requiring allocation of mortgage loan balances between qualifying and non-qualifying assets to have an impact on our ability to satisfy either of the asset tests going forward. As discussed under the 75% gross income test (see above), the IRS provided relief from re-testing certain mortgage loans held by a REIT that have been modified as a result of distressed market conditions with respect to real property. At present, we do not hold any mortgage loans that have been modified, which would require us to take advantage of these rules for special relief for purposes of the asset tests.

After initially meeting the asset tests at the close of any quarter, we will not lose our status as a REIT for failure to satisfy any of the asset tests at the end of a subsequent quarter solely by reason of changes in asset values. If the failure to satisfy the asset tests results from an acquisition of securities or other property during a quarter, the failure can be cured by disposition of sufficient nonqualifying assets within 30 days after the close of that quarter.

Subject to certain de minimis exceptions, we may avoid REIT disqualification in the event of certain failures under the asset tests, provided that (i) we file a schedule with a description of each asset that caused the failure, (ii) the failure was due to reasonable cause and not willful neglect, (iii) we dispose of the assets within 6 months after the last day of the quarter in which the identification of the failure occurred (or the requirements of the rules are otherwise met within such period) and (iv) we pay a tax on the failure equal to the greater of (A) $50,000 per failure and (B) the product of the net income generated by the assets that caused the failure for the period beginning on the date of the failure and ending on the date we dispose of the asset (or otherwise satisfy the requirements) multiplied by the Highest Corporate Tax Rate.

Annual Distribution Requirements. To qualify as a REIT, we are required to distribute dividends (other than capital gain dividends) to our stockholders in an amount at least equal to (A) the sum of (i) 90% of our "REIT taxable income" (computed without regard to the dividends paid deduction and our net capital gain) and (ii) 90% of the net income (after tax), if any, from foreclosure property, minus (B) the sum of certain items of noncash income. Such distributions must be paid in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for such year and paid on or before the first regular dividend payment after such declaration. In addition, such distributions are required to be made pro rata, with no preference to any share of stock as compared with other shares of the same class, and with no preference to one class of stock as compared with another class except to the extent that such class is entitled to such a preference. To the extent that we do not distribute all of our net capital gain, or distribute at least 90%, but less than 100% of our "REIT taxable income," as adjusted, we will be subject to tax thereon at regular ordinary and capital gain corporate tax rates.

Furthermore, if we fail to distribute during a calendar year, or by the end of January following the calendar year in the case of distributions with declaration and record dates falling in the last three months of the calendar year, at least the sum of:

- 85% of our REIT ordinary income for such year;
- 95% of our REIT capital gain income for such year; and
- any undistributed taxable income from prior periods,

we will incur a 4% nondeductible excise tax on the excess of such required distribution over the amounts we actually distribute. We may elect to retain and pay income tax on the net long-term capital gain we receive in a taxable year. If we so elect, we will be treated as having distributed any such retained amount for purposes of the 4% excise tax described above. We have made, and we intend to continue to make, timely distributions sufficient to satisfy the annual distribution requirements. We may also be entitled to pay and deduct deficiency dividends in later years as a relief measure to correct errors in determining our taxable income. Although we may be able to avoid income tax on amounts distributed as deficiency dividends, we will be required to pay interest to the IRS based upon the amount of any deduction we take for deficiency dividends.

The availability to us of, among other things, depreciation deductions with respect to our owned facilities (which reduce our taxable income and the amount of our required dividend distributions) depends upon the determination that, for federal income tax purposes, we are the true owner of such facilities for federal income tax purposes, which is dependent on the classification of the leases to operators or our facilities as "true leases" rather than financing arrangements for federal income tax purposes. The determinations of whether (1) we are the owner of such facilities, and (2) the leases are true leases, for federal tax purposes are essentially factual matters. With the exception of certain financing arrangements for federal income tax purposes, we believe that we will be treated as the owner of each of the facilities that we lease, and such leases will be treated as true leases for federal income tax purposes. However, no assurances can be given that the IRS will not successfully challenge our status as the owner of our facilities subject to leases, and the status of such leases as true leases, asserting that the purchase of the facilities by us and the leasing of such facilities merely constitute steps in secured financing transactions in which the lessees are owners of the facilities and we are merely a secured creditor. In such event, we would not be entitled to claim depreciation deductions with respect to any of the affected facilities. Other changes included in the Tax Act that could impact the amount of our taxable income for our taxable year ended December 31, 2019, include the limitation of the deduction for interest expense, the limitation on the deduction for certain compensation paid to certain of our executive officers, and the changes to the Code expanding the definitions of "lobbying and political expenditures" and "fines, penalties, and other amounts" for purposes of determining whether expenditures of these types continue to qualify as ordinary and necessary trade or business expenses that may be deducted in computing taxable income. Since we are engaged in a qualified real property trade or business, we may elect out of the limitations on the deduction for interest expenses. If we determine the need to make such an election, we will be required to use a longer depreciable life for certain of our real property, which will reduce the amount we may claim currently as depreciation expense for purposes of computing our taxable income. The result of any of the above could cause us to fail to meet the 90% distribution requirement or, if such requirement is met, we might be subject to corporate income tax or the 4% excise tax.

Reasonable Cause Savings Clause. We may avoid disqualification in the event of a failure to meet certain requirements for REIT qualification if the failures are due to reasonable cause and not willful neglect, and if the REIT pays a penalty of $50,000 for each such failure. This reasonable cause safe harbor is not available for failures to meet the 95% and 75% gross income tests or the assets tests.

Failure to Qualify. If we fail to qualify as a REIT in any taxable year, and the reasonable cause relief provisions do not apply, we will be subject to tax (including any applicable alternative minimum tax with respect to taxable years beginning before January 1, 2018) on our taxable income at regular corporate rates. Distributions to stockholders in any year in which we fail to qualify will not be deductible, and our failure to qualify as a REIT would reduce the cash available for distribution by us to our stockholders. In addition, if we fail to qualify as a REIT, all distributions to stockholders will be taxable as dividend income, to the extent of our current and accumulated earnings and profits. However, in such a case, subject to certain limitations of the Code, corporate distributees may be eligible for the dividends received deduction with respect to dividends that we make, and in the case of an individual, trust, or an estate, dividends are treated the same as capital gain income, which currently is subject to a maximum income tax rate that is lower than regular income tax rates. In addition, in the case of an individual, trust or an estate, to the extent such taxpayer's unearned income (including dividends) exceeds certain threshold amounts, the Medicare Tax on unearned income also will apply to dividend income. Unless entitled to relief under specific statutory provisions, we would also be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost. It is not possible to state whether in all circumstances we would be entitled to such statutory relief. Failure to qualify could result in our incurring indebtedness or liquidating investments to pay the resulting taxes.

Our Subsidiaries. We own and operate a number of properties through subsidiaries and the classification of such subsidiaries varies for federal income tax purposes as described in this section. Some of the subsidiaries elected to be taxed as REITs beginning with the calendar year ending December 31, 2015. The stock of the REIT subsidiaries, and dividends received from the REIT subsidiaries, will qualify under the asset tests and income tests, respectively, as described above, provided that such subsidiaries maintain their REIT qualification.

Some of the subsidiaries are classified as qualified REIT subsidiaries, which we refer to as QRSs. Code Section 856(i) provides that a corporation that is a QRS shall not be treated as a separate corporation, and all assets, liabilities, and items of income, deduction, and credit of a qualified REIT subsidiary shall be treated as assets, liabilities and such items (as the case may be) of the REIT. Thus, in applying the tests for REIT qualification described above, the QRSs will be ignored, and all assets, liabilities and items of income, deduction, and credit of such QRSs will be treated as our assets, liabilities and items of income, deduction, and credit.

Some of the subsidiaries are classified as TRSs. As described above, a TRS may earn income that would not be qualifying income if earned directly by the parent REIT; however, no more than 20% of the value of a REIT's assets may consist of securities of one or more TRSs (25% for taxable years beginning before January 1, 2018). One or more of our TRSs hold a number of assets that cannot be owned directly by a REIT. We believe that the value of the securities of our TRSs is far less than the permitted percentage thresholds described in this section.

Some of the subsidiaries are classified as partnerships. In the case of a REIT that is a partner in a partnership, such REIT is treated as owning its proportionate share of the assets of the partnership and as earning its allocable share of the gross income of the partnership for purposes of the applicable REIT qualification tests. Thus, our proportionate share of the assets, liabilities, and items of income of any partnership, joint venture, or limited liability company that is treated as a partnership for federal income tax purposes in which we own an interest, directly or indirectly, will be treated as our assets and gross income for purposes of applying the various REIT qualification requirements. See *Tax Aspects of Our Investments in our Operating Partnership and Subsidiary Partnership* s below.

Tax Aspects of Investments in our Operating Partnership and Subsidiary Partnerships

The following discussion summarizes certain federal income tax considerations applicable to our direct or indirect investments in our operating partnership and any subsidiary partnerships or limited liability companies that we form or acquire including such subsidiary partnerships or limited liability companies that are treated as disregarded for income tax purposes (collectively, "Omega OP"). This discussion does not cover state or local tax laws or any federal tax laws other than income tax laws.

Classification as Partnerships. We will be entitled to include in our income our distributive share of each item of Omega OP's income and to deduct our distributive share of each item of Omega OP's expense or loss only if Omega OP is classified for federal income tax purposes as a partnership (or an entity that is disregarded for federal income tax purposes if the entity is treated as having only one owner for federal income tax purposes) rather than as a corporation or an association taxable as a corporation. An unincorporated entity with at least two owners or members will be classified as a partnership, rather than as a corporation, for federal income tax purposes if it:

- is treated as a partnership under the Treasury Regulations relating to entity classification (the "check-the-box regulations"); and
- is not a "publicly-traded partnership."

Under the check-the-box regulations, an unincorporated entity with at least two owners or members may elect to be classified either as an association taxable as a corporation or as a partnership. If such an entity fails to make an election, it generally will be treated as a partnership (or an entity that is disregarded for federal income tax purposes if the entity is treated as having only one owner for federal income tax purposes) for federal income tax purposes. Omega OP intends to be classified as a partnership for federal income tax purposes and will not elect to be treated as an association taxable as a corporation under the check-the-box regulations.

A publicly traded partnership is a partnership whose interests are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof. A partnership whose interests are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof, and thus, characterized as a publicly traded partnership that is taxed as a corporation for U.S. federal income tax purposes, may nevertheless avoid characterization as a corporation for any taxable year if for each taxable year in which it was classified as a publicly traded partnership, 90% or more of the partnership's gross income for such year consists of certain passive-type income, including real property rents, gains from the sale or other disposition of real property, interest, and dividends (the "Qualifying Income Exception"). The Treasury Regulations provide limited safe harbors under which certain transfers of interests in the partnership may be ignored or not taken into account in the determination of whether a partnership's interests are considered to be readily tradable on a secondary market or the substantial equivalent thereof (the "PTP Transfer Exceptions"). Omega OP's partnership agreement contains provisions enabling its general partner to take such steps as are necessary or appropriate to prevent the issuance and transfers of interests in Omega OP that do not satisfy one of the PTP Transfer Exceptions, and thus, cause Omega OP to be treated as a publicly traded partnership. To date, we believe that all transfers of Omega OP Units have satisfied one of the PTP Transfer Exceptions. However, even if the transfers of Omega OP Units failed to qualify for any of the PTP Transfer Exceptions, and Omega OP was considered to be a publicly traded partnership, we believe that Omega OP would have sufficient qualifying income to satisfy the Qualifying Income Exception, and therefore, would not be treated as a corporation for U.S. federal income tax purposes.

We have not requested, and do not intend to request, a ruling from the IRS that Omega OP will be classified as a partnership and not as a corporation for federal income tax purposes. If for any reason the Omega OP were taxable as a corporation, rather than as a partnership, for U.S. federal income tax purposes, we likely would not be able to qualify as a REIT unless we qualified for certain relief provisions. See the discussions entitled "Failure to Satisfy Income Tests," "Asset Tests" and "Failure to Qualify" set forth above. In addition, any change in a partnership's status for tax purposes might be treated as a taxable event, in which case we might incur tax liability without any related cash distribution. See *Annual Distribution Requirements* above. Further, items of income and deduction of such partnership would not pass through to its partners, and its partners would be treated as stockholders for tax purposes. Consequently, such partnership would be required to pay income tax at corporate rates on its net income, and distributions to its partners would constitute dividends that would not be deductible in computing such partnership's taxable income.

Partners, Not the Partnerships, Subject to Tax. A partnership is not a taxable entity for federal income tax purposes. Rather, we are required to take into account our allocable share of each item of Omega OP's income, gain, loss, deduction, and credit for any taxable year of Omega OP ending within or with our taxable year, without regard to whether we have received or will receive any distribution from Omega OP.

Partnership Allocations. Although a partnership agreement generally will determine the allocation of income and losses among partners, such allocations will be disregarded for tax purposes if they do not comply with the provisions of the Code and Treasury Regulations governing partnership allocations. If an allocation is not recognized for federal income tax purposes, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership, which will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item.

Tax Allocations With Respect to Partnership Properties. Income, gain, loss, and deduction attributable to property that has appreciated or depreciated that is contributed to a partnership in exchange for an interest in the partnership must be allocated in a manner such that the contributing partner is charged with, or benefits from, respectively, the unrealized gain or unrealized loss associated with the property at the time of the contribution (the "704(c) Allocations"). The amount of such unrealized gain or unrealized loss, referred to as "built-in gain" or "built-in loss", generally is equal to the difference between the fair market value of the contributed property at the time of contribution and the adjusted tax basis of such property at the time of contribution (a "book-tax difference"). Allocations with respect to book-tax differences are solely for federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners. A book-tax difference attributable to depreciable property generally is decreased on an annual basis as a result of the allocation of depreciation deductions to the contributing partner for book purposes but not for tax purposes. The Treasury Regulations require entities taxed as partnerships to use a "reasonable method" for allocating items with respect to which there is a book-tax difference and outline several reasonable allocation methods.

Any gain or loss recognized by Omega OP on the disposition of contributed properties will be allocated first to the partners of Omega OP who contributed such properties to the extent of their built-in gain or loss on those properties for federal income tax purposes. The partners' built-in gain or loss on such contributed properties will equal the difference between the partners' proportionate share of the book value of those properties and the partners' tax basis allocable to those properties at the time of the contribution as reduced for any decrease in the book-tax difference. Any remaining gain or loss recognized by Omega OP on the disposition of the contributed properties, and any gain or loss recognized by Omega OP on the disposition of the other properties, generally will be allocated among the partners in accordance with the partnership agreement, unless such allocations and agreement do not satisfy the requirements of applicable Treasury Regulations, in which case the allocation will be made in accordance with the partners' interests in the partnership.

Omega OP has, in the past, received contributions of properties having a "carryover" tax basis that is different from the basis of such properties as determined for book or financial accounting purposes. As a result, such properties had significant built-in gain or loss subject to Section 704(c) of the Code. As the general partner of Omega OP, we are required to account for the book-tax difference with respect to the properties contributed to Omega OP under a method approved by Section 704(c) of the Code and the Treasury Regulations, which could result in an allocation of an amount of taxable income from the ownership, or gain or loss from the disposition, of such properties by Omega OP to holders of OP units that contributed such properties that varies from allocations of financial accounting income or gain realized as a result of the ownership and/or disposition of such properties.

Sale of a Partnership's Property. Generally, any gain realized by a partnership on the sale of property held by the partnership for more than one year will be long-term capital gain, except for any portion of such gain that is treated as depreciation or cost recovery recapture. Our share of any gain realized by Omega OP on the sale of any property held by Omega OP as inventory or other property held primarily for sale to customers in the ordinary course of Omega OP's trade or business will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. Such prohibited transaction income also may have an adverse effect upon our ability to satisfy the income tests for REIT status. See *Income Tests* above. We do not presently intend to acquire or hold or to allow Omega OP to acquire or hold any property that represents inventory or other property held primarily for sale to customers in the ordinary course of Omega OP's trade or business.

Government Regulation and Reimbursement

The healthcare industry is heavily regulated. Our operators are subject to extensive and complex federal, state and local healthcare laws and regulations. These laws and regulations are subject to frequent and substantial changes resulting from the adoption of new legislation, rules and regulations, and administrative and judicial interpretations of existing law. The ultimate timing or effect of these changes, which may be applied retroactively, cannot be predicted. Changes in laws and regulations impacting our operators, in addition to regulatory non-compliance by our operators, can have a significant effect on the operations and financial condition of our operators, which in turn may adversely impact us. There is the potential that we may be subject directly to healthcare laws and regulations because of the broad nature of some of these regulations, such as the Anti-kickback Statute and False Claims Act, among others. The following is a discussion of certain laws and regulations generally applicable to our operators, and in certain cases, to us.

Healthcare Reform. A substantial amount of rules and regulations have been issued under the Patient Protection and Affordable Care Act, as amended by the Health Care and Education and Reconciliation Act of 2010 (collectively referred to as the "Healthcare Reform Law"). The current administration has brought several Congressional efforts to repeal and replace the Affordable Care Act. We expect additional rules, regulations and judicial interpretations in response to legal and other constitutional challenges to be issued that may materially affect our operators' financial condition and operations. Even if the Healthcare Reform Law is not ultimately amended or repealed, the current administration or Congress could propose changes impacting implementation of the Healthcare Reform Law. The ultimate composition and timing of any legislation enacted under the current administration that would impact the current implementation of the Healthcare Reform Law remains uncertain. Given the complexity of the Healthcare Reform Law and the substantial requirements for regulation thereunder, the impact of the Healthcare Reform Law on our operators or their ability to meet their obligations to us cannot be predicted, whether in its current form or as amended, repealed or interpreted.

Reform Requirements for Long-Term Care Facilities. On October 4, 2016, the Centers for Medicare and Medicaid Services ("CMS") issued a final rule modifying the conditions of participation in Medicare and Medicaid for SNFs. The extensive changes included provisions related to staff training, discharge planning, infection prevention and control programs, and pharmacy services, among others. While many of the regulations have become effective, the implementation and enforcement of some provisions, particularly with respect to the Quality Assurance Program Improvement ("QAPI") and compliance and ethics related requirements of the Phase 3 regulations, did not become effective until November 28, 2019.

Trump Administration Budget Proposal. The fiscal year 2021 budget proposed by the Trump administration on February 10, 2020 contains several provisions which have the potential to impact long-term care providers. The proposed budget contains cuts of approximately $920 billion to the Medicaid program over ten years, and additionally contains a proposed unified payment system policy for post-acute care providers, including skilled nursing facilities. While we believe it is likely that the budget will be significantly revised from the initial proposal before approval by Congress, the potential impact of these proposed budget initiatives on the long-term care industry is currently being analyzed by industry stakeholders and could have a material adverse effect on our operators.

Reimbursement Generally. A significant portion of our operators' revenue is derived from government-funded reimbursement programs, consisting primarily of Medicare and Medicaid. As federal and state governments continue to focus on healthcare reform initiatives, efforts to reduce costs by government payors will likely continue, which may result in reductions in reimbursement at both the federal and state levels. Additionally, new and evolving payor and provider programs, including but not limited to Medicare Advantage, dual eligible, accountable care organizations, and bundled payments could adversely impact our tenants' and operators' liquidity, financial condition or results of operations. Significant limits on the scope of services reimbursed and/or reductions of reimbursement rates could have a material adverse effect on our operators' results of operations and financial condition, which could adversely affect our operators' ability to meet their obligations to us. On February 10, 2020, the current administration proposed the budget for fiscal year 2021, which contains several provisions that have the potential to impact long-term care providers. The proposed budget contains cuts of approximately $920 billion to the Medicaid program over ten years, and additionally contains a proposed unified payment system policy for post-acute care providers, including skilled nursing facilities. While the likelihood of the budget passing in its current form seems unlikely, the potential impact of these proposed budget initiatives on the long-term care industry is currently being analyzed by industry stakeholders and could have a material adverse effect on our operators.

Medicaid. State budgetary concerns, coupled with the implementation of rules under the Healthcare Reform Law, or prospective changes to the Healthcare Reform Law under the current administration or Congress, may result in significant changes in healthcare spending at the state level. Since our operators' profit margins on Medicaid patients are generally relatively low, more than modest reductions in Medicaid reimbursement or an increase in the percentage of Medicaid patients could adversely affect our operators' results of operations and financial condition, which in turn could negatively impact us.

In the state of Florida, the average Medicaid reimbursement rate for SNFs decreased 4.5% effective July 1, 2019, resulting from the loss of one-time discretionary funding applied to October 1, 2018 Florida Medicaid reimbursement rates to cover the impact of hold-harmless provisions in the new, price-based Prospective Payment System ("PPS") enacted by Florida at that time. However, the net impact of this rate decrease was to revert the average rate approximately to the pre-PPS, cost-based level as of September 30, 2018, which we believe operators can generally address with operational adjustments to maintain coverage levels. A smaller discretionary increase effective October 1, 2019 will increase the average rate by 0.7%. When the transition hold-harmless provisions expire on September 30, 2021, the PPS rates will no longer be dependent on discretionary funding levels. At December 31, 2019, 15% of our investments were in Florida.

Texas, which represents 10% of our investments as of December 31, 2019, presents a difficult operating environment for SNF operators as a result of lower statewide occupancy levels, as compared to other states, and a Medicaid rate reimbursement that we believe is among the lowest in the United States. Several of our operators have experienced lower operating margins on their SNFs in Texas, as compared to other states, as a result of the foregoing and labor costs.

Additionally, in mid-November 2019, CMS proposed the Medicaid Fiscal Accountability Rule ("MFAR"), which would modify and refine the current federal portion of Medicaid funding for two programs commonly referred to as the upper payment limit ("UPL") and provider taxes. We have operators in two states, Indiana and Texas, that participate in UPL programs and operators in 36 states who receive provider tax reimbursements as of December 31, 2019. Based on our analysis of MFAR and discussions with our operators and other industry leaders, we believe MFAR as proposed would eliminate the incremental UPL funds and that most, if not all, states are or will be able to become compliant under the revised provider tax program. If finalized, MFAR would become effective two years after the rule is finalized for the Indiana program and three years after the rule is finalized for most of the other states. It is too early to estimate the ultimate potential impact of MFAR on our facilities in Indiana and Texas as we expect any reductions in revenues may be at least partially offset by expense reductions. In general, if implemented, MFAR could reduce reimbursement to our operators in those states affected by the rule, which could ultimately have a material adverse effect on the financial condition of those operators.

Medicare. On July 30, 2019, CMS issued a final rule regarding the government fiscal year ("FY") 2020 Medicare payment rates and quality payment programs for SNFs, with aggregate payments projected to increase by $851 million, or 2.4 percent, for FY 2020 compared to FY 2019. This estimated reimbursement increase is attributable to a 2.8% market basket increase factor with a 0.4% reduction for the multifactor productivity adjustment mandated by the Improving Medicare Post-Acute Care Transformation Act of 2014 ("IMPACT Act"). The annual update is reduced by two percentage points for SNFs that fail to submit required quality data to CMS under the SNF Quality Reporting Program ("QRP"). The CMS also adopted two new quality measures in FY 2020 to assess whether certain health information is provided by the SNF at the time of transfer or discharge. The two measures are: 1) Transfer of Health Information to the Provider-Post-Acute Care and 2) Transfer of Health Information to the Patient-Post-Acute Care.

Payments to providers are being increasingly tied to quality and efficiency. The Patient Driven Payment Model ("PDPM"), which was designed by CMS to improve the incentives to treat the needs of the whole patient, rather than the volume of services the patient receives, became effective October 1, 2019 (FY 2020). The PDPM replaces the previous SNF prospective payment system that utilized the Resource Utilization Group IV case-mix methodology to classify SNF patients based on the volume of services received with a methodology that utilizes the International Statistical Classification of Diseases and Related Health Problems (" ICD-10") to classify SNF patients into certain payment groups based on their clinical disease state. Effective October 1, 2019, group therapy is defined as a qualified rehabilitation therapist or therapy assistant treating two to six patients at the same time who are performing the same or similar activities. Also effective October 1, 2019, CMS established a 25% cap for concurrent and group therapy.

While certain of our operators could realize efficiencies and cost savings from increased concurrent and group therapy under PDPM and some have reported some early positive results, it is too early to assess the long-term impacts of these reimbursement changes, including the value-based purchasing programs applicable to SNFs under the 2014 Protecting Access to Medicare Act, which became effective on October 1, 2018, and these reimbursement changes could have an adverse effect on our operators' financial condition and operations, adversely impacting their ability to meet their obligations to us.

In addition to Medicare payment rates, SNFs continue to be impacted by the "Bipartisan Budget Act of 2018," which extended Medicare sequestration and Medicare reimbursement cuts to providers and plans by 2% across the board, for an additional two years through 2027. Furthermore, the Bipartisan Budget Act of 2018 permanently repealed the therapy caps that applied to Medicare Part B therapy services provided as of January 1, 2018 and reduced the reimbursement rate for Medicare Part B therapy services performed by therapy assistants to 85% of the physician fee schedule beginning January 1, 2022. The former cap amounts were retained as a threshold above which claims must include confirmation that services are medically necessary as justified by appropriate documentation in the medical record.

Quality of Care Initiatives. In addition to quality or value based reimbursement reforms, CMS has implemented a number of initiatives focused on the quality of care provided by long term care facilities that could affect our operators. In December 2008, CMS released quality ratings for all of the nursing homes that participate in Medicare or Medicaid under its "Five Star Quality Rating System." Facility rankings, ranging from five stars ("much above average") to one star ("much below average") are updated on a monthly basis. SNFs are required to provide information for the CMS Nursing Home Compare website regarding staffing and quality measures.

In March 2019, CMS announced additional updates to the Nursing Home Care website and the Five Star Quality Rating System beginning in April 2019. These changes include revisions to the inspection process, enhancement of new staffing information, and implementation of new quality measures.

CMS is also setting higher thresholds and evidence-based standards for nursing homes' staffing levels. Currently, facilities that report seven or more days in a quarter with no registered nurse onsite are automatically assigned a one-star staffing rating. In April 2019, the threshold for the number of days without a registered nurse onsite in a quarter that triggers an automatic downgrade to one-star was reduced from seven days to four days. It is possible that these rating changes or any other ranking system could lead to future reimbursement policies that reward or penalize facilities on the basis of the reported quality of care parameters.

Office of the Inspector General Activities. The Office of Inspector General ("OIG") has provided long-standing guidance for SNFs regarding compliance with federal fraud and abuse laws. More recently, the OIG has conducted oversight activities and issued additional guidance regarding its findings related to identified problems with the quality of care and the reporting and investigation of potential abuse or neglect at group homes, nursing homes, and skilled nursing facilities. The OIG has additionally reviewed the staffing levels reported by SNFs as part of its August 2018 and February 2019 Work Plan updates, and included a review of involuntary transfers and discharges from nursing homes in the June 2019 Work Plan updates. Regional Recovery Audit Contractor program auditors along with the OIG and Department of Justice are expected to continue their efforts to evaluate SNF Medicare claims for any excessive therapy charges.

Department of Justice. SNFs are under intense scrutiny for the quality of care being rendered to residents and appropriate billing practices. The Department of Justice ("DOJ") launched ten regional Elder Justice Task Forces in 2016 which are coordinating and enhancing efforts to pursue SNFs that provide grossly substandard care to their residents. These Task Forces are composed of representatives from the U.S. Attorneys' Offices, State Medicaid Fraud Control Units, state and local prosecutors' offices, U.S. Department of Health and Human Services ("HHS"), State Adult Protective Services agencies, Long Term Care Ombudsmen programs, and law enforcement. The DOJ has indicated that it is seeking to enhance the work of the Elder Justice Initiative to identify potential criminal charges when they uncover false claims for government reimbursements of care. The DOJ's civil division has historically used the False Claims Act to pursue nursing homes that bill the federal government for services not rendered or care that is grossly substandard.

Medicare and Medicaid Program Audits. Governmental agencies and their agents, such as the Medicare Administrative Contractors, fiscal intermediaries and carriers, as well as the HHS-OIG and HHS-OCR, CMS and state Medicaid programs, may conduct audits of our operators' billing practices. Under the Recovery Audit Contractor ("RAC") program, CMS contracts with RACs on a contingency basis to conduct post-payment reviews to detect and correct improper payments in the fee-for-service Medicare program, to managed Medicare plans and in the Medicaid program. CMS also employs Medicaid Integrity Contractors ("MICs") to perform post-payment audits of Medicaid claims and identify overpayments. In addition to RACs and MICs, the state Medicaid agencies and other contractors have increased their review activities. Should any of our operators be found out of compliance with any of these laws, regulations or programs, our business, financial position and results of operations could be negatively impacted.

Fraud and Abuse. There are various federal and state civil and criminal laws and regulations governing a wide array of healthcare provider referrals, relationships and arrangements, including laws and regulations prohibiting fraud by healthcare providers. Many of these complex laws raise issues that have not been clearly interpreted by the relevant governmental authorities and courts.

These laws include: (i) federal and state false claims acts, which, among other things, prohibit providers from filing false claims or making false statements to receive payment from Medicare, Medicaid or other federal or state healthcare programs; (ii) federal and state anti-kickback and fee-splitting statutes, including the Medicare and Medicaid Anti-kickback statute, which prohibit the payment or receipt of remuneration to induce referrals or recommendations of healthcare items or services, such as services provided in a SNF; (iii) federal and state physician self-referral laws (commonly referred to as the Stark Law), which generally prohibit referrals by physicians to entities for designated health services (some of which are provided in SNFs) with which the physician or an immediate family member has a financial relationship; (iv) the federal Civil Monetary Penalties Law, which prohibits, among other things, the knowing presentation of a false or fraudulent claim for certain healthcare services and (v) federal and state privacy laws, including the privacy and security rules contained in the Health Insurance Portability and Accountability Act of 1996, which provide for the privacy and security of personal health information.

Violations of healthcare fraud and abuse laws carry civil, criminal and administrative sanctions, including punitive sanctions, monetary penalties, imprisonment, denial of Medicare and Medicaid reimbursement and potential exclusion from Medicare, Medicaid or other federal or state healthcare programs. Additionally, there are criminal provisions that prohibit filing false claims or making false statements to receive payment or certification under Medicare and Medicaid, as well as failing to refund overpayments or improper payments. Violation of the Anti-kickback statute or Stark Law may form the basis for a federal False Claims Act violation. These laws are enforced by a variety of federal, state and local agencies and can also be enforced by private litigants through, among other things, federal and state false claims acts, which allow private litigants to bring qui tam or whistleblower actions, which have become more frequent in recent years.

Several of our operators have responded to subpoenas and other requests for information regarding their operations in connection with inquiries by the Department of Justice or other regulatory agencies. In addition, MedEquities Realty Trust, Inc., which we acquired in May 2019, has responded to a Civil Investigative Demand from the Department of Justice in connection with Lakeway Regional Medical Center. See *Note 20 – Commitments and Contingencies*.

Privacy. Our operators are subject to various federal, state and local laws and regulations designed to protect the confidentiality and security of patient health information, including the federal Health Insurance Portability and Accountability Act of 1996, as amended, the Health Information Technology for Economic and Clinical Health Act ("HITECH"), and the corresponding regulations promulgated thereunder (collectively referred to herein as "HIPAA"). The HITECH Act expanded the scope of these provisions by mandating individual notification in instances of breaches of protected health information, providing enhanced penalties for HIPAA violations, and granting enforcement authority to states' Attorneys General in addition to the HHS Office for Civil Rights ("OCR"). Additionally, in a final rule issued in January 2013, HHS modified the standard for determining whether a breach has occurred by creating a presumption that any non-permitted acquisition, access, use or disclosure of protected health information is a breach unless the covered entity or business associate can demonstrate through a risk assessment that there is a low probability that the information has been compromised.

Various states have similar laws and regulations that govern the maintenance and safeguarding of patient records, charts and other information generated in connection with the provision of professional medical services. These laws and regulations require our operators to expend the requisite resources to secure protected health information, including the funding of costs associated with technology upgrades. Operators found in violation of HIPAA or any other privacy law or regulation may face significant monetary penalties. In addition, compliance with an operator's notification requirements in the event of a breach of unsecured protected health information could cause reputational harm to an operator's business.

Licensing and Certification. Our operators and facilities are subject to various federal, state and local licensing and certification laws and regulations, including laws and regulations under Medicare and Medicaid requiring operators of SNFs and ALFs to comply with extensive standards governing operations. Governmental agencies administering these laws and regulations regularly inspect our operators' facilities and investigate complaints. Our operators and their managers receive notices of observed violations and deficiencies from time to time, and sanctions have been imposed from time to time on facilities operated by them. In addition, many states require certain healthcare providers to obtain a certificate of need, which requires prior approval for the construction, expansion or closure of certain healthcare facilities, which has the potential to impact some of our operators' abilities to expand or change their businesses.

Americans with Disabilities Act (the "ADA"). Our properties must comply with the ADA and any similar state or local laws to the extent that such properties are public accommodations as defined in those statutes. The ADA may require removal of barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. Should barriers to access by persons with disabilities be discovered at any of our properties, we may be directly or indirectly responsible for additional costs that may be required to make facilities ADA-compliant. Noncompliance with the ADA could result in the imposition of fines or an award of damages to private litigants. Our commitment to make readily achievable accommodations pursuant to the ADA is ongoing, and we continue to assess our properties and make modifications as appropriate in this respect.

Other Laws and Regulations. Additional federal, state and local laws and regulations affect how our operators conduct their operations, including laws and regulations protecting consumers against deceptive practices and otherwise generally affecting our operators' management of their property and equipment and the conduct of their operations (including laws and regulations involving fire, health and safety; quality of services, including care and food service; residents' rights, including abuse and neglect laws; and the health standards set by the federal Occupational Safety and Health Administration).

General and Professional Liability. Although arbitration agreements have been effective in limiting general and professional liabilities for SNF and long term care providers, there have been numerous lawsuits challenging the validity of arbitration agreements in long term care settings. CMS prohibited pre-dispute arbitration agreements between SNFs and residents effective November 28, 2016, thereby increasing potential liabilities for SNFs and long-term care providers. Subsequently, the authority of CMS to restrict the rights of these parties to arbitrate was challenged by litigation in various jurisdictions. On July 16, 2019, CMS lifted the ban on pre-dispute arbitration agreements offered to residents at the time of admission, but prohibits providers from requiring residents to sign them as a condition for receiving care and requires that arbitration agreements must specifically grant residents the explicit right to rescind the agreement within thirty calendar days of signing.

Information about our Executive Officers

Biographical information regarding our executive officers and their ages as of February 1, 2020 are set forth below:

C. Taylor Pickett (58) is our Chief Executive Officer and has served in this capacity since June 2001. Mr. Pickett has also served as Director of the Company since May 30, 2002. Mr. Pickett has also been a member of the board of trustees of Corporate Office Properties Trust, an office REIT focusing on U.S. government agencies and defense contractors, since November 2013. From January 1993 to June 2001, Mr. Pickett served as a member of the senior management team of Integrated Health Services, Inc., most recently as Executive Vice President and Chief Financial Officer. Prior to joining Integrated Health Services, Inc. Mr. Pickett held various positions at PHH Corporation and KPMG Peat Marwick.

Daniel J. Booth (56) is our Chief Operating Officer and has served in this capacity since October 2001. From 1993 to October 2001, Mr. Booth served as a member of the management team of Integrated Health Services, Inc., most recently serving as Senior Vice President, Finance. Prior to joining Integrated Health Services, Inc., Mr. Booth served as a Vice President in the Healthcare Lending Division of Maryland National Bank (now Bank of America).

Steven J. Insoft (55) is our Chief Corporate Development Officer and has served in this capacity since April 1, 2015. Mr. Insoft served as President and Chief Operating Officer of Aviv REIT, Inc. from 2012 until it was acquired by Omega in 2015, while previously serving as Chief Financial Officer and Treasurer of Aviv REIT, Inc. Prior to joining Aviv REIT, Inc. in 2005, Mr. Insoft spent eight years as a Vice President and Senior Investment Officer of Nationwide Health Properties, Inc., a publicly-traded REIT. Before that, he was President and Chief Financial Officer of CMI Senior Housing & Healthcare, Inc., a privately-held nursing home and assisted living facility operations and development company, for seven years.

Robert O. Stephenson (56) is our Chief Financial Officer and has served in this capacity since August 2001. From 1996 to July 2001, Mr. Stephenson served as the Senior Vice President and Treasurer of Integrated Health Services, Inc. Prior to joining Integrated Health Services, Inc., Mr. Stephenson held various positions at CSX Intermodal, Inc., Martin Marietta Corporation and Electronic Data Systems.

Gail D. Makode (44) is our Chief Legal Officer, General Counsel and has served in this capacity since September 2019. Previously, she served as Senior Vice President, General Counsel and Corporate Secretary of IES Holdings, Inc., from October 2012 to September 2019. Prior to IES, she served in various legal capacities at MBIA Inc., including as General Counsel and Member of the Board at MBIA Insurance Corporation and Chief Compliance Officer of MBIA Inc., from 2006 to 2012. Earlier in her career, she served as Vice President and Counsel for Deutsche Bank AG, and as an associate at Cleary, Gottlieb, Steen, & Hamilton, where she specialized in public and private securities offerings and mergers and acquisitions.

Michael D. Ritz (51) is our Chief Accounting Officer and has served in this capacity since February 2007. From April 2005 to February 2007, Mr. Ritz served as the Vice President, Accounting & Assistant Corporate Controller of Newell Rubbermaid Inc., and from August 2002 to April 2005, Mr. Ritz served as the Director, Financial Reporting of Newell Rubbermaid Inc. From July 2001 through August 2002, Mr. Ritz served as the Director of Accounting and Controller of Novavax Inc.

As of February 18, 2020, we had 49 full-time employees, including the six executive officers listed above.

Available Information

Our website address is www.omegahealthcare.com. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”) are available on our website, free of charge, as soon as reasonably practicable after we electronically file such materials with, or furnish them to, the U.S. Securities and Exchange Commission (“SEC”). Additionally, the SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us, at www.sec.gov.

Item 1A – Risk Factors

Following are some of the risks and uncertainties that could cause our financial condition, results of operations, business and prospects to differ materially from those contemplated by the forward-looking statements contained in this report or our other filings with the SEC. These risks should be read in conjunction with the other risks described in this report, including but not limited to those described in *Taxation* and *Government Regulation and Reimbursement* under *Item 1* above. The risks described in this report are not the only risks facing us and there may be additional risks we are not presently aware of or that we currently consider unlikely to significantly impact us. Our business, financial condition, results of operations or liquidity could be materially adversely affected by any of these risks, and, as a result, the trading price of our common stock could decline.

Risks Related to the Operators of Our Facilities

Our financial position could be weakened and our ability to make distributions and fulfill our obligations with respect to our indebtedness could be limited if our operators, or a portion thereof, become unable to meet their obligations to us or fail to renew or extend their relationship with us as their lease terms expire or their mortgages mature, or if we become unable to lease or re-lease our facilities or make mortgage loans on economically favorable terms. We have no operational control over our operators. Adverse developments concerning our operators could arise due to a number of factors, including those listed below.

The bankruptcy or insolvency of our operators could limit or delay our ability to recover on our investments.

We are exposed to the risk that a distressed or insolvent operator may not be able to meet its lease, loan, mortgage or other obligations to us or other third parties. This risk is heightened during a period of economic or political instability. Although each of our lease and loan agreements typically provides us with the right to terminate, evict an operator, foreclose on our collateral, demand immediate payment and exercise other remedies upon the bankruptcy or insolvency of an operator, title 11 of the United States Code (the “Bankruptcy Code”) would limit or, at a minimum, delay our ability to collect unpaid pre-bankruptcy rents and mortgage payments and to pursue other remedies against a bankrupt operator. While we sometimes have third party guarantees of an operator’s lease or loan obligations, such guarantees can be expensive to enforce, and have their own risks of collection as against the guarantors.

Leases. A bankruptcy filing by one of our lessee operators would typically prevent us from collecting unpaid pre-bankruptcy rents or evicting the operator, absent approval of the bankruptcy court. The Bankruptcy Code provides a lessee with the option to assume or reject an unexpired lease within certain specified periods of time. Generally, a lessee is required to pay all rent that becomes payable between the date of its bankruptcy filing and the date of the assumption or rejection of the lease (although such payments will likely be delayed as a result of the bankruptcy filing). If one of our lessee operators chooses to assume its lease with us, the operator must promptly cure all monetary defaults existing under the lease (including payment of unpaid pre-bankruptcy rents) and provide adequate assurance of its ability to perform its future lease obligations. Even where a lessee operator assumes its lease with us, it will first often threaten to reject that lease to obtain better lease terms from us, and we sometimes have to consider making, or we do make, such economic concessions to avoid rejection of the lease and our taking a closed facility back. If one of our lessee operators opts to reject its lease with us, we would have a claim against such operator for unpaid and future rents payable under the lease, but such claim would be subject to a statutory “cap” under the Bankruptcy Code, and would likely result in a recovery substantially less than the face value of such claim. Although the operator’s rejection of the lease would permit us to recover possession of the leased facility, we would likely face losses, costs and delays associated with repairs and/or maintenance of the facility and then re-leasing the facility to a new operator, or costs associated with selling the facility. In any event, re-leasing a facility or selling it could take a material amount of time, and the pool of interested and qualified tenants or buyers will be limited due to the unique nature of our properties, which may depress values and our eventual recovery. Finally, whether a lease operator in bankruptcy ends up assuming or rejecting our lease, we will incur legal and collection costs, which can be difficult or impossible to recover.

Several other factors could impact our rights under leases with bankrupt operators. First, the operator could seek to assign its lease with us to a third party. The Bankruptcy Code disregards anti-assignment provisions in leases to permit the assignment of unexpired leases to third parties (provided all monetary defaults under the lease are promptly cured and the assignee can demonstrate its ability to perform its obligations under the lease). Second, in instances in which we have entered into a master lease agreement with an operator that operates more than one facility, the bankruptcy court could determine that the master lease was comprised of separate, divisible leases (each of which could be separately assumed or rejected), rather than a single, integrated lease (which would have to be assumed or rejected in its entirety). Finally, the bankruptcy court could re-characterize our lease agreement as a disguised financing arrangement, which could require us to receive bankruptcy court approval to foreclose or pursue other remedies with respect to the facility.

Mortgages. A bankruptcy filing by an operator to which we have made a loan secured by a mortgage would typically prevent us from collecting unpaid pre-bankruptcy mortgage payments and foreclosing on our collateral, absent approval of the bankruptcy court. As an initial matter, we could ask the bankruptcy court to order the operator to make periodic payments or provide other financial assurances to us during the bankruptcy case (known as “adequate protection”), but the ultimate decision regarding “adequate protection” (including the timing and amount of any “adequate protection” payments) rests with the bankruptcy court. In addition, we would need bankruptcy court approval before commencing or continuing any foreclosure action against the operator’s collateral (including a facility). The bankruptcy court could withhold such approval, especially if the operator can demonstrate that the facility or other collateral is necessary for an effective reorganization and that we have a sufficient “equity cushion” in the facility or that we are otherwise protected from any diminution in value of the collateral. If the bankruptcy court does not either grant us “adequate protection” or permit us to foreclose on our collateral, we may not receive any loan payments until after the bankruptcy court confirms a plan of reorganization for the operator. In addition, in any bankruptcy case of an operator to which we have made a loan, the operator may seek bankruptcy court approval to pay us (i) over a longer period of time than the terms of our loan, (ii) at a different interest rate, and/or (iii) for only the value of the collateral, instead of the full amount of the loan. Finally, even if the bankruptcy court permits us to foreclose on the facility, we would still be subject to the losses, costs and other risks associated with a foreclosure sale, including possible successor liability under government programs, indemnification obligations and suspension or delay of third-party payments. Should such events occur, our income and cash flow from operations would be adversely affected.

Failure by our operators to comply with various local, state and federal government regulations may adversely impact their ability to make debt or lease payments to us.

Our operators are subject to numerous federal, state and local laws and regulations, including those described below, that are subject to frequent and substantial changes (sometimes applied retroactively) resulting from new legislation, adoption of rules and regulations, and administrative and judicial interpretations of existing law, and any changes in the regulatory framework could have a material adverse effect on our tenants, operators, guarantors and managers. The ultimate timing or effect of these changes cannot be predicted. These changes may have a dramatic effect on our operators’ costs of doing business and on the amount of reimbursement by both government and other third-party payors. The failure of any of our operators to comply with these laws, requirements and regulations could adversely affect their ability to meet their obligations to us.

- *Reimbursement; Medicare and Medicaid*. A significant portion of our operators’ revenue is derived from governmentally-funded reimbursement programs, primarily Medicare and Medicaid. See *Item 1. Business – Government Regulation and Reimbursement – Healthcare Reform, Reimbursement Generally, Medicaid,* and *Medicare,* and the risk factors entitled *Our operators depend on reimbursement from governmental and other third-party payors, and reimbursement rates from such payors may be reduced and Government spending cuts or modifications could lead to a reduction in Medicare and Medicaid reimbursement* for a further discussion on governmental and third-party payor reimbursement and the associated risks presented to our operators. Failure to maintain certification in these programs, or other restrictions on reimbursements, would result in a loss of reimbursement from such programs and could result in a reduction in an operator’s revenues and operating margins, thereby negatively impacting an operator’s ability to meet its obligations to us.

- *Quality of Care Initiatives*. The CMS has implemented a number of initiatives focused on the quality of care provided by nursing homes that could affect our operators, including a quality rating system for nursing homes. See *Item 1. Business – Government Regulation and Reimbursement – Quality of Care Initiatives.* Any unsatisfactory rating of our operators under any rating system promulgated by the CMS could result in the loss of our operators’ residents or lower reimbursement rates, which could adversely impact their revenues and our business.

- *Licensing and Certification*. Our operators and facilities are subject to various federal, state and local licensing and certification laws and regulations, including laws and regulations under Medicare and Medicaid requiring operators of SNFs and ALFs to comply with extensive standards governing operations. See *Item 1. Business – Government Regulation and Reimbursement – Licensing and Certification.* Governmental agencies administering these laws and regulations regularly inspect our operators' facilities and investigate complaints. Our operators and their managers receive notices of observed violations and deficiencies from time to time, and sanctions have been imposed from time to time on facilities operated by them. Failure to obtain any required licensure or certification, the loss or suspension of any required licensure or certification, or any violations or deficiencies with respect to relevant operating standards may require a facility to cease operations or result in ineligibility for reimbursement until the necessary licenses or certifications are obtained or reinstated, or any such violations or deficiencies are cured. In such event, our revenues from these facilities could be reduced or eliminated for an extended period of time or permanently. Additionally, many states require certain healthcare providers to obtain a certificate of need, which requires prior approval for the construction, expansion, closure or change of ownership of certain healthcare facilities, which has the potential to impact some of our operators' abilities to expand or change their businesses. Further, Medicare and Medicaid provider approvals, as applicable, may be needed prior to an operator's change of ownership.

- *Fraud and Abuse Laws and Regulations*. There are various federal and state civil and criminal laws and regulations governing a wide array of healthcare provider referrals, relationships and arrangements, including laws and regulations prohibiting fraud by healthcare providers. In addition to our operators, there is the potential that we may become subject directly to healthcare laws and regulations because of the broad nature of some these provisions. Many of these complex laws raise issues that have not been clearly interpreted by the relevant governmental authorities and courts and are subject to change. In addition, federal and state governments are devoting increasing attention and resources to anti-fraud investigations and initiatives against healthcare providers, and provide for, among other things, claims to be filed by *qui tam* relators. See *Item 1. Business – Government Regulation and Reimbursement – Fraud and Abuse.* The violation by an operator of any of these extensive laws or regulations, including the Anti-kickback Statute, False Claims Act and the Stark Law, could result in the imposition of criminal fines and imprisonment, civil monetary penalties, and exclusion from Medicare, Medicaid and all other federal and state healthcare programs. Such fines or penalties, in addition to expending considerable resources responding to an investigation or enforcement action, could adversely affect an operator's financial position and jeopardize an operator's ability to make lease or mortgage payments to us or to continue operating its facility. Additionally, many states have adopted or are considering legislative proposals similar to the federal anti-fraud and abuse laws, some of which extend beyond the Medicare and Medicaid programs to private or other third-party payors, to prohibit the payment or receipt of remuneration for the referral of patients and physician self-referrals, regardless of whether the service was reimbursed by Medicare or Medicaid. Healthcare providers and facilities may also experience an increase in medical record reviews from a host of government agencies and contractors, including the HHS Office of the Inspector General, the Department of Justice, Zone Program Integrity Contractors, and Recovery Audit Contractors.

- *Privacy and Security Laws.* Our operators are subject to federal, state and local laws and regulations designed to protect the privacy and security of patient health information, including HIPAA, among others. See *Item 1. Business – Government Regulation and Reimb*ursement – *Privacy*. These laws and regulations require our operators to expend the requisite resources to protect the confidentiality and security of patient health information, including the funding of costs associated with operational and technology upgrades. Operators found in violation of HIPAA or any other privacy or security law may face significant monetary penalties. In addition, a breach of unsecured protected health information could cause reputational harm to an operator's business in addition to a material adverse effect on the operator's financial position and cash flows.

- *Other Laws*. Other federal, state and local laws and regulations affect how our operators conduct their operations. See *Item 1. Business – Government Regulation and Reimbursement – Other Laws and Regulations.* We cannot predict the effect that the costs of complying with these laws may have on the revenues of our operators, and thus their ability to meet their obligations to us.

- *Legislative and Regulatory Developments*. Each year, legislative and regulatory proposals are introduced at the federal, state and local levels that, if adopted, would result in major changes to the healthcare system. See *Item 1. Business – Government Regulation and Reimbursement* in addition to the other risk factors set forth below. We cannot accurately predict whether any proposals will be adopted, and if adopted, what effect (if any) these proposals would have on our operators or our business. If we fail to effectively implement or appropriately adjust our operational and strategic initiatives with respect to the implementation of new laws and regulations, or do not do so as effectively as our competitors, our results of operations may be materially adversely affected. Changes to, or repeal of, the Healthcare Reform Law could materially and adversely affect our business and financial position, results of operations or cash flows. Even if the Healthcare Reform Law is not amended or repealed, changes impacting implementation or judicial interpretation of the Healthcare Reform Law, could materially and adversely affect our financial position or operations. However, the ultimate content, timing or effect of any potential future legislation or judicial interpretation cannot be predicted.

Alternative payment models require certain changes to reimbursement and studies of reimbursement policies that may adversely affect payments to SNFs.

Alternative payment models, as well as other legislative initiatives included in the Protecting Access to Medicare Act of 2014 and other laws introduced by Congress, have the potential to affect Medicare payments to SNFs, including, but not limited to, provisions changing the payment methodology, setting reimbursement caps, implementing value-based purchasing and payment bundling, and studying the appropriateness of restrictions on payments for health care acquired conditions. Several commercial payors have expressed an intent to pursue certain value-based purchasing models and initiatives. These provisions are in various stages of implementation. See *Item 1. Business – Government Regulation and Reimbursement – Healthcare Reform, Reimbursement Generally, and Medicare.* Although we cannot accurately predict the extent to which or how such provisions may be implemented, or the effect any such implementation would have on our operators or our business, these provisions could result in decreases in payments to our operators, increase our operators' costs or otherwise adversely affect the results of operations or financial condition of our operators, thereby negatively impacting their ability to meet their obligations to us.

The Healthcare Reform Law imposes additional requirements on SNFs regarding compliance and disclosure.

The Healthcare Reform Law requires SNFs to have a compliance and ethics program that is effective in preventing and detecting criminal, civil and administrative violations and in promoting quality of care. The HHS included in Final Rule published on October 4, 2016 the requirement for operators to implement a compliance and ethics program as a condition of participation in Medicare and Medicaid. Long-term care facilities, including SNFs, had until November 28, 2019 to comply. See *Item 1. Business – Government Regulation and Reimbursement – Reform Requirements for Long-Term Care Facilities* for a further discussion of the reform requirements set forth in the Final Rule. If our operators fall short in their compliance and ethics programs, quality assurance and performance improvement programs, if and when required, their reputations and ability to attract residents could be adversely affected.

Our operators depend on reimbursement from governmental and other third-party payors, and reimbursement rates from such payors may be reduced or modified.

Changes in the reimbursement rate or methods of payment from third-party payors, including the Medicare and Medicaid programs, or the implementation of other measures to reduce reimbursements for services provided by our operators has in the past, and could in the future, result in a substantial reduction in our operators' revenues and operating margins. Additionally, reimbursement from governmental and other third party payors could be reduced as part of retroactive adjustments during claims settlement processes or as result of post-payment audits. See *Item 1. Business – Government Regulation and Reimbursement – Reimbursement Generally, Medicaid, and Medicare.* Significant limits on the scope of services reimbursed and on reimbursement rates, as well as changes in reimbursement policies or other measures altering payment methodologies for services provided by our operators, could have a material adverse effect on our operators' results of operations and financial condition, which could cause the revenues of our operators to decline and negatively impact their ability to meet their obligations to us.

Additionally, net revenue realizable under third-party payor agreements can change after examination and retroactive adjustment by payors during the claims settlement processes or as a result of post-payment audits. Payors may disallow requests for reimbursement based on determinations that certain costs are not reimbursable or reasonable, additional documentation is necessary or certain services were not covered or were not medically necessary. New legislative and regulatory proposals could impose further limitations on government and private payments to healthcare providers. In some cases, states have enacted or are considering enacting measures designed to reduce Medicaid expenditures and to make changes to private healthcare insurance. We cannot make any assurances that adequate third-party payor reimbursement levels will continue to be available for the services provided by our operators.

Government spending cuts or modifications could lead to a reduction in Medicare and Medicaid reimbursement.

Approved or proposed cost-containment measures, spending cuts and tax reform initiatives have resulted or could result in changes (including substantial reductions in funding) to Medicare, Medicaid or Medicare Advantage Plans. Any such governmental action that reduces reimbursement payments to healthcare providers could have a material adverse effect on certain of our operators' liquidity, financial condition or results of operations, which could adversely affect their ability to satisfy their obligations to us and could have a material adverse effect on us. Additionally, many states are focusing on the restructuring of expenditures under their Medicaid programs, which may result in a freeze on Medicaid rates or a reduction in reimbursement rates for our operators. See *Item 1. Business – Government Regulation and Reimbursement – Reimbursement Generally, Medicaid, and Medicare.* These potential reductions could be compounded by the potential for federal cost-cutting efforts that could lead to reductions in reimbursement to our operators under both the Medicare and Medicaid programs. Potential reductions in Medicare and Medicaid reimbursement to our operators could reduce the cash flow of our operators and their ability to make rent or mortgage payments to us. Since our operators' profit margins on Medicaid patients are generally relatively low, more than modest reductions in Medicaid reimbursement and an increase in the number of Medicaid patients could place some operators in financial distress, which in turn could adversely affect us. If funding for Medicare and/or Medicaid is reduced, it could have a material adverse effect on our operators' results of operations and financial condition, which could adversely affect our operators' ability to meet their obligations to us.

We may be unable to find a replacement operator for one or more of our leased properties.

From time to time, we may need to find a replacement operator for one or more of our leased properties for a variety of reasons, including upon the expiration of the lease term or the occurrence of an operator default. During any period in which we are attempting to locate one or more replacement operators, there could be a decrease or cessation of rental payments on the applicable property or properties. We cannot assure you that any of our current or future operators will elect to renew their respective leases with us upon expiration of the terms thereof. Similarly, we cannot assure you that we will be able to locate a suitable replacement operator or, if we are successful in locating a replacement operator, that the rental payments from the new operator would not be significantly less than the existing rental payments. Our ability to locate a suitable replacement operator may be significantly delayed or limited by various state licensing, receivership, certificate of need or other laws, as well as by Medicare and Medicaid change-of-ownership rules. We also may incur substantial additional expenses in connection with any such licensing, receivership or change-of-ownership proceedings. Any such delays, limitations and expenses could materially delay or impact our ability to collect rent, obtain possession of leased properties or otherwise exercise remedies for default.

Our operators may be subject to significant legal actions that could result in their increased operating costs and substantial uninsured liabilities, which may affect their ability to meet their obligations to us.

Our operators may be subject to claims for damages relating to the services that they provide. We can give no assurance that the insurance coverage maintained by our operators will cover all claims made against them or continue to be available at a reasonable cost, if at all. In some states, insurance coverage for the risk of punitive damages arising from professional and general liability claims and/or litigation may not, in certain cases, be available to operators due to state law prohibitions or limitations of availability. As a result, our operators operating in these states may be liable for punitive damage awards that are either not covered or are in excess of their insurance policy limits.

While we are unable to predict the scope of future federal, state and local regulations and legislation, including the Medicare and Medicaid statutes and regulations we believe that there has been, and will continue to be, an increase in governmental investigations of long-term care providers, particularly in the area of Medicare/Medicaid false claims, as well as an increase in the intensity of enforcement actions resulting from these investigations. Insurance is not available to our operators to cover such losses. Any adverse determination in a legal proceeding or governmental investigation, whether currently asserted or arising in the future, could have a material adverse effect on an operator's financial condition. If an operator is unable to obtain or maintain insurance coverage, if judgments are obtained in excess of the insurance coverage, if an operator is required to pay uninsured punitive damages, or if an operator is subject to an uninsurable government enforcement action, the operator could be exposed to substantial additional liabilities. Such liabilities could adversely affect the operator's ability to meet its obligations to us, which, in turn, could have a material adverse effect on our business, financial condition, results of operations and ability to make distributions to our stockholders.

In addition, we may in some circumstances be named as a defendant in litigation involving the services provided by our operators. Although we generally have no involvement in the services provided by our operators, and our standard lease agreements and loan agreements generally require our operators to indemnify us and carry insurance to cover us in certain cases, a significant judgment against us in such litigation could exceed our and our operators' insurance coverage, which would require us to make payments to cover the judgment.

Increased competition as well as increased operating costs result in lower revenues for some of our operators and may affect the ability of our operators to meet their obligations to us.

The long-term healthcare industry is highly competitive and we expect that it may become more competitive in the future. Our operators are competing with numerous other companies providing similar healthcare services or alternatives such as home health agencies, life care at home, community-based service programs, retirement communities and convalescent centers. Our operators compete on a number of different levels including the quality of care provided, reputation, the physical appearance of a facility, price, the range of services offered, family preference, alternatives for healthcare delivery, the supply of competing properties, physicians, staff, referral sources, location and the size and demographics of the population in the surrounding areas. We cannot be certain that the operators of all of our facilities will be able to achieve occupancy and rate levels that will enable them to meet all of their obligations to us. Our operators may encounter increased competition in the future that could limit their ability to attract residents or expand their businesses and therefore affect their ability to pay their lease or mortgage payments.

In addition, the market for qualified nurses, healthcare professionals and other key personnel is highly competitive and our operators may experience difficulties in attracting and retaining qualified personnel. Increases in labor costs due to higher wages and greater benefits required to attract and retain qualified healthcare personnel incurred by our operators could affect their ability to meet their obligations to us. This situation could be particularly acute in certain states that have enacted legislation establishing minimum staffing requirements.

We may be unable to successfully foreclose on the collateral securing our mortgage loans, and even if we are successful in our foreclosure efforts, we may be unable to successfully find a replacement operator, or operate or occupy the underlying real estate, which may adversely affect our ability to recover our investments.

If an operator defaults under one of our mortgage loans, we may foreclose on the loan or otherwise protect our interest by acquiring title to the property. In such a scenario, we may be required to make substantial improvements or repairs to maximize the facility's investment potential. Operators may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against our exercise of enforcement or other remedies and/or bring claims for lender liability in response to actions to enforce mortgage obligations. Even if we are able to successfully foreclose on the collateral securing our mortgage loans, we may be unable to expeditiously find a replacement operator, if at all, or otherwise successfully operate or occupy the property, which could adversely affect our ability to recover our investment.

Uninsured losses or losses in excess of our operators' insurance coverage could adversely affect our financial position and our cash flow.

Under the terms of our leases, our operators are required to maintain comprehensive general liability, fire, flood, earthquake, boiler and machinery, nursing home or long-term care professional liability and extended coverage insurance with respect to our properties with policy specifications, limits and deductibles set forth in the leases or other written agreements between us and the operator. However, our properties may be adversely affected by casualty losses which exceed insurance coverages and reserves. In addition, we cannot provide any assurances that our tenants will maintain the required coverages, that we will continue to require the same levels of insurance under our leases, or that such insurance will be available at a reasonable cost in the future or that the policies maintained will fully cover all losses on our properties upon the occurrence of a catastrophic event. We also cannot make any guaranty as to the future financial viability of the insurers that underwrite the policies maintained by our tenants, or, alternatively if our tenants utilize captive or self-insurance programs, that such programs will be adequately funded.

Should an uninsured loss or a loss in excess of insured limits occur, we could lose both our investment in, and anticipated profits and cash flows from, the property. Even if it were practicable to restore the property to its condition prior to the damage caused by a major casualty, the operations of the affected property would likely be suspended for a considerable period of time. In the event of any substantial loss affecting a property, disputes over insurance claims could arise.

Our development and redevelopment projects may not yield anticipated returns.

We consider and, when appropriate, invest in various development and redevelopment projects. In deciding whether to make an investment in a particular project, we make certain assumptions regarding the expected future performance of the property. Our assumptions are subject to risks generally associated with development and redevelopment projects, including, among others, that:

- Our operators may not be able to complete the project on schedule or within budgeted amounts;
- Our operators may encounter delays in obtaining or fail to obtain all necessary zoning, land use, building, occupancy, environmental and other governmental permits and authorizations, or underestimate the costs necessary to develop or redevelop the property to market standards;
- Volatility in the price of construction materials or labor may increase project costs;
- The builders may fail to perform or satisfy the expectations of our operators;
- We may incorrectly forecast risks associated with development in new geographic regions;
- Demand for our project may decrease prior to completion, due to competition from other developments; and
- New facilities may take longer than expected to reach stabilized operating levels, if at all.

If any of the risks described above occur, our development and redevelopment projects may not yield anticipated returns, which could have a material adverse effect on us.

Risks Related to Us and Our Operations

We rely on external sources of capital to fund future capital needs, and if we encounter difficulty in obtaining such capital, we may not be able to make future investments necessary to grow our business or meet maturing commitments.

To qualify as a REIT under the Code, we are required to, among other things, distribute at least 90% of our REIT taxable income each year to our stockholders. Because of this distribution requirement, we may not be able to fund, from cash retained from operations, all future capital needs, including capital needed to make investments and to satisfy or refinance maturing commitments. As a result, we rely on external sources of capital, including debt and equity financing. If we are unable to obtain needed capital at all or only on unfavorable terms from these sources, we might not be able to make the investments needed to grow our business, or to meet our obligations and commitments as they mature, which could negatively affect the ratings of our debt and even, in extreme circumstances, affect our ability to continue operations. Our access to capital depends upon a number of factors over which we have little or no control, including the performance of the national and global economies generally; competition in the healthcare industry; issues facing the healthcare industry, including regulations and government reimbursement policies; our operators' operating costs; the ratings of our debt securities; the market's perception of our growth potential; the market value of our properties; our current and potential future earnings and cash distributions; and the market price of the shares of our capital stock. While we currently have sufficient cash flow from operations to fund our obligations and commitments, we may not be in a position to take advantage of future investment opportunities in the event that we are unable to access the capital markets on a timely basis or we are only able to obtain financing on unfavorable terms.

Our ability to raise capital through equity sales is dependent, in part, on the market price of our common stock, and our failure to meet market expectations with respect to our business could negatively impact the market price of our common stock and availability of equity capital.

As with other publicly-traded companies, the availability of equity capital will depend, in part, on the market price of our common stock which, in turn, will depend upon various market conditions and other factors that may change from time to time including:

- the extent of investor interest;
- the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- the financial performance of us and our operators;
- concentrations in our investment portfolio by tenant and facility type;
- concerns about our tenants' financial condition due to uncertainty regarding reimbursement from governmental and other third-party payor programs;
- analyst reports on us and the REIT industry in general;
- general stock and bond market conditions, including changes in interest rates on fixed income securities, which may lead prospective purchasers of our common stock to demand a higher annual yield from future distributions;
- our failure to maintain or increase our dividend, which is dependent, to a large part, on the increase in funds from operations, which in turn depends upon increased revenues from additional investments and rental increases; and
- other factors such as governmental regulatory action and changes in REIT tax laws.

The market value of the equity securities of a REIT is generally based upon the market's perception of the REIT's growth potential and its current and potential future earnings and cash distributions. Our failure to meet the market's expectation with regard to future earnings and cash distributions would likely adversely affect the market price of our common stock and, as a result, the availability of equity capital to us.

We are subject to risks associated with debt financing, which could negatively impact our business and limit our ability to make distributions to our stockholders and to repay maturing debt.

The financing required to make future investments and satisfy maturing commitments may be provided by borrowings under our credit facilities, private or public offerings of debt or equity, the assumption of secured indebtedness, mortgage financing on a portion of our owned portfolio or through joint ventures. To the extent we must obtain debt financing from external sources to fund our capital requirements, we cannot guarantee such financing will be available on favorable terms, if at all. In addition, if we are unable to refinance or extend principal payments due at maturity or pay them with proceeds from other capital transactions, our cash flow may not be sufficient to make distributions to our stockholders and repay our maturing debt. Furthermore, if prevailing interest rates, changes in our debt ratings or other factors at the time of refinancing result in higher interest rates upon refinancing, the interest expense relating to that refinanced indebtedness would increase, which could reduce our profitability and the amount of dividends we are able to pay. Moreover, additional debt financing increases the amount of our leverage. The degree of leverage could have important consequences to stockholders, including affecting our investment grade ratings and our ability to obtain additional financing in the future, and making us more vulnerable to a downturn in our results of operations or the economy generally.

The interest rate of our credit facilities, term loan facilities and derivatives contracts are priced using LIBOR and are subject to risks associated with the transition from LIBOR to an alternative reference rate .

London Inter-bank Offered Rate ("LIBOR") is the basic rate of interest used in lending between banks on the London interbank market and is widely used as a reference for setting the interest rate on loans globally. We typically use LIBOR as a reference rate in credit facilities, term loan facilities and derivative contracts.

In July 2017, the United Kingdom's Financial Conduct Authority ("FCA") that regulates LIBOR announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. As a result, the Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee ("ARRC") which identified the Secured Overnight Financing Rate ("SOFR") as its preferred alternative to U.S. dollar ("USD")-LIBOR in derivatives and other financial contracts. The Company is not able to predict when LIBOR will cease to be available or when there will be sufficient liquidity in the SOFR markets. Any changes adopted by the FCA or other governing bodies in the method used for determining LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR. If that were to occur, our interest payments could change. In addition, uncertainty about the extent and manner of future changes may result in interest rates and/or payments that are higher or lower than if LIBOR were to remain available in its current form.

The Company has $932.5 million of borrowings outstanding as of December 31, 2019 that are indexed to LIBOR and is monitoring and evaluating the related risks, which include changes to the interest calculated on those borrowings and/or amounts received and paid on the related derivative instruments. These risks arise in connection with transitioning contracts to a new alternative rate, including any resulting value transfer that may occur. The value of borrowings, or derivative instruments tied to LIBOR, could also be impacted if LIBOR is limited or discontinued. For some instruments, the method of transitioning to an alternative rate may be challenging, as this may require negotiation with the respective counterparty.

If a contract is not transitioned to an alternative rate and LIBOR is discontinued, the impact on our borrowings is likely to vary by contract. If LIBOR is discontinued or if the methods of calculating LIBOR change from their current form, interest rates on our current or future indebtedness may be adversely affected.

While we expect LIBOR to be available in substantially its current form until the end of 2021, it is possible that LIBOR will become unavailable prior to that point. This could result, for example, if sufficient banks decline to make submissions to the LIBOR administrator. In that case, the risks associated with the transition to an alternative reference rate will be accelerated and magnified.

We may be subject to additional risks in connection with our recent and future acquisitions of long-term care facilities.

We may be subject to additional risks in connection with our recent and future acquisitions of long-term care facilities, including but not limited to the following:

- our limited prior business experience with certain of the operators of the facilities we have recently acquired or may acquire in the future;

- the facilities may underperform due to various factors, including unfavorable terms and conditions of the lease agreements that we assume, disruptions caused by the management of the operators of the facilities or changes in economic conditions impacting the facilities and/or the operators;
- diversion of our management's attention away from other business concerns;
- exposure to any undisclosed or unknown potential liabilities relating to the facilities; and
- potential underinsured losses on the facilities.

We cannot assure you that we will be able to manage our recently acquired or future new facilities without encountering difficulties or that any such difficulties will not have a material adverse effect on us.

Our assets may be subject to impairment charges.

We periodically, but not less than annually, evaluate our real estate investments and other assets for impairment indicators. The judgment regarding the existence of impairment indicators is based on factors such as market conditions, operator performance and legal structure. If we determine that a significant impairment has occurred, we are required to make an adjustment to the net carrying value of the asset, which could have a material adverse effect on our results of operations.

We may not be able to sell certain closed facilities for their book value.

From time to time, we close facilities and actively market such facilities for sale. To the extent we are unable to sell these properties for our book value, we may be required to take a non-cash impairment charge or loss on the sale, either of which would reduce our net income.

Our indebtedness could adversely affect our financial condition.

We have a material amount of indebtedness and we may increase our indebtedness in the future. Our level and type of indebtedness could have important consequences for our stockholders. For example, it could:

- increase our vulnerability to adverse changes in general economic, industry and competitive conditions;
- limit our ability to borrow additional funds, on satisfactory terms or at all, for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business plan or other general corporate purposes;
- increase our cost of borrowing;
- require us to dedicate a substantial portion of our cash flow from operations to make payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our ability to make material acquisitions or take advantage of business opportunities that may arise;
- limit our ability to make distributions to our stockholders, which may cause us to lose our qualification as a REIT under the Code or to become subject to federal corporate income tax on any REIT taxable income that we do not distribute;
- expose us to fluctuations in interest rates, to the extent our borrowings bear variable rates of interest;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- place us at a competitive disadvantage compared to our competitors that have less debt.

Further, we have the ability to incur substantial additional debt, including secured debt. If we incur additional debt, the related risks described above could intensify. In addition, if we are unable to refinance any of our floating rate debt, we would continue to be subject to interest rate risk. The short-term nature of some of our debt also subjects us to the risk that market conditions may be unfavorable or may prevent us from refinancing our debt at or prior to their existing maturities. In addition, our cash flow from operations may not be sufficient to repay all of our outstanding debt as it becomes due, and we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, if at all, to refinance our debt.

Covenants in our debt documents limit our operational flexibility, and a covenant breach could materially adversely affect our operations.

The terms of our credit agreements and note indentures require us to comply with a number of customary financial and other covenants that may limit our management's discretion by restricting our ability to, among other things, incur additional debt, redeem our capital stock, enter into certain transactions with affiliates, pay dividends and make other distributions, make investments and other restricted payments, engage in mergers and consolidations, create liens, sell assets or engage in new lines of business. In addition, our credit facilities require us to maintain compliance with specified financial covenants, including those relating to maximum total leverage, maximum secured leverage, maximum unsecured leverage, minimum fixed charge coverage, minimum consolidated tangible net worth, minimum unsecured debt yield, minimum unsecured interest coverage and maximum distributions. Any additional financing we may obtain could contain similar or more restrictive covenants. Our continued ability to incur indebtedness, conduct our operations, and take advantage of business opportunities as they arise is subject to compliance with these financial and other covenants. Breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness, in addition to any other indebtedness cross-defaulted against such instruments. Any such breach could materially adversely affect our business, results of operations and financial condition.

We are subject to particular risks associated with real estate ownership, which could result in unanticipated losses or expenses.

Our business is subject to many risks that are associated with the ownership of real estate. For example, if our operators do not renew their leases, we may be unable to re-lease the facilities at favorable rental rates, if at all. Other risks that are associated with real estate acquisition and ownership include, without limitation, the following:

- general liability, property and casualty losses, some of which may be uninsured;
- the inability to purchase or sell our assets rapidly to respond to changing economic conditions, due to the illiquid nature of real estate and the real estate market;
- leases that are not renewed or are renewed at lower rental amounts at expiration;
- contingent rent escalators tied to changes in the Consumer Price Index or other parameters;
- the exercise of purchase options by operators resulting in a reduction of our rental revenue;
- costs relating to maintenance and repair of our facilities and the need to make expenditures due to changes in governmental regulations, including the Americans with Disabilities Act;
- environmental hazards created by prior owners or occupants, existing tenants, mortgagors or other persons for which we may be liable; and
- acts of God or terrorism affecting our properties.

Our real estate investments are relatively illiquid.

Real estate investments are relatively illiquid and generally cannot be sold quickly. The real estate market is affected by many factors which are beyond our control, including general economic conditions, availability of financing, interest rates and supply and demand. Additional factors that are specific to our industry also tend to limit our ability to vary our portfolio promptly in response to changes in economic or other conditions. For example, all of our properties are ‘‘special purpose’’ properties that cannot be readily converted into general residential, retail or office use. In addition, transfers of operations of nursing homes and other healthcare-related facilities are subject to extensive regulatory approvals. We cannot predict whether we will be able to sell any property for the price or on the terms set by us or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property, or that we will have funds available to make necessary repairs and improvements to a property held for sale. To the extent we are unable to sell any properties for our book value, we may be required to take a non-cash impairment charge or loss on the sale, either of which would reduce our net income.

As an owner or lender with respect to real property, we may be exposed to possible environmental liabilities.

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner of real property or a secured lender may be liable in certain circumstances for the costs of investigation, removal or remediation of, or related releases of, certain hazardous or toxic substances at, under or disposed of in connection with such property, as well as certain other potential costs relating to hazardous or toxic substances, including government fines and damages for injuries to persons and adjacent property. Such laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence or disposal of such substances. As a result, liability may be imposed on the owner in connection with the activities of an operator of the property. The cost of any required investigation, remediation, removal, fines or personal or property damages and the owner's liability therefore could exceed the value of the property and/or the assets of the owner. In addition, the presence of such substances, or the failure to properly dispose of or remediate such substances, may adversely affect an operators' ability to attract additional residents and our ability to sell or rent such property or to borrow using such property as collateral which, in turn, could negatively impact our revenues.

Although our leases and mortgage loans generally require the lessee and the mortgagor to indemnify us for certain environmental liabilities, the scope of such obligations may be limited. For instance, most of our leases do not require the lessee to indemnify us for environmental liabilities arising before the lessee took possession of the premises. Further, we cannot assure you that any such mortgagor or lessee would be able to fulfill its indemnification obligations to us.

The industry in which we operate is highly competitive. Increasing investor interest in our sector and consolidation at the operator level or REIT level could increase competition and reduce our profitability.

Our business is highly competitive and we expect that it may become more competitive in the future. We compete for healthcare facility investments with other healthcare investors, including other REITs, some of which have greater resources and lower costs of capital than we do. Increased competition makes it more challenging for us to identify and successfully capitalize on opportunities that meet our business goals. If we cannot capitalize on our development pipeline, identify and purchase a sufficient quantity of healthcare facilities at favorable prices, or are unable to finance such acquisitions on commercially favorable terms, our business, results of operations and financial condition may be materially adversely affected. In addition, if our cost of capital should increase relative to the cost of capital of our competitors, the spread that we realize on our investments may decline if competitive pressures limit or prevent us from charging higher lease or mortgage rates.

We may be named as defendants in litigation arising out of professional liability and general liability claims relating to our previously owned and operated facilities that if decided against us, could adversely affect our financial condition.

We and several of our wholly owned subsidiaries were named as defendants in professional liability and general liability claims related to our owned and operated facilities prior to 2005. Other third-party managers responsible for the day-to-day operations of these facilities were also named as defendants in these claims. In these suits, patients of certain previously owned and operated facilities have alleged significant damages, including punitive damages, against the defendants. Although all of these prior suits have been settled, we or our affiliates could be named as defendants in similar suits in the future. There can be no assurance that we would be successful in our defense of such potential matters or in asserting our claims against various managers of the subject facilities or that the amount of any settlement or judgment would be substantially covered by insurance or that any punitive damages will be covered by insurance.

Our charter and bylaws contain significant anti-takeover provisions which could delay, defer or prevent a change in control or other transactions that could provide our stockholders with the opportunity to realize a premium over the then-prevailing market price of our common stock.

Our charter and bylaws contain various procedural and other requirements which could make it difficult for stockholders to effect certain corporate actions. Our Board of Directors ("Board") has the authority to issue additional shares of preferred stock and to fix the preferences, rights and limitations of the preferred stock without stockholder approval. In addition, our charter contains limitations on the ownership of our capital stock intended to ensure we continue to meet the requirements for qualification as a REIT. These provisions could discourage unsolicited acquisition proposals or make it more difficult for a third party to gain control of us, which could adversely affect the market price of our securities and/or result in the delay, deferral or prevention of a change in control or other transactions that could provide our stockholders with the opportunity to realize a premium over the then-prevailing market price of our common stock.

Ownership of property outside the U.S. may subject us to different or greater risks than those associated with our U.S. investments.

We have investments in the U.K., and may from time to time may seek to acquire other properties in the U.K. or otherwise outside the U.S. Although we currently have investments in the U.K., we have limited experience investing in healthcare properties or other real estate-related assets located outside the U.S. International development, investment, ownership and operating activities involve risks that are different from those we face with respect to our U.S. properties and operations. These risks include, but are not limited to, any international currency gain recognized with respect to changes in exchange rates may not qualify under the 75.0% gross income test or the 95.0% gross income test that we must satisfy annually in order to qualify and maintain our status as a REIT; challenges with respect to the repatriation of foreign earnings and cash; changes in foreign political, regulatory, and economic conditions, including regionally, nationally, and locally; challenges in managing international operations; challenges of complying with a wide variety of foreign laws and regulations, including those relating to real estate, corporate governance, operations, taxes, employment and legal proceedings; foreign ownership restrictions with respect to operations in countries; diminished ability to legally enforce our contractual rights in foreign countries; differences in lending practices and the willingness of domestic or foreign lenders to provide financing; regional or country-specific business cycles and economic instability; and changes in applicable laws and regulations in the U.S. that affect foreign operations. In addition, we have limited investing experience in international markets. If we are unable to successfully manage the risks associated with international expansion and operations, our results of operations and financial condition may be adversely affected.

We may be adversely affected by fluctuations in currency exchange rates.

Our ownership of properties in the U.K. currently subjects us to fluctuations in the exchange rates between USD and the British Pound Sterling (“GBP”), which may, from time to time, impact our financial condition and results of operations. If we continue to expand our international presence through investments in, or acquisitions or development of healthcare assets outside the U.S. or the U.K., we may transact business in other foreign currencies. Although we may pursue hedging alternatives, including borrowing in local currencies, to protect against foreign currency fluctuations, we cannot assure you that such fluctuations will not have a material adverse effect on our results of operations or financial condition.

Economic and other conditions that negatively affect states in which a greater percentage of our investments are located could adversely affect our financial results.

At December 31, 2019, the three states in which we had our highest concentration of investments were Florida (15%), Texas (10%) and Michigan (7%). As a result, we are subject to increased exposure to adverse conditions affecting these regions, including unfavorable Medicaid reimbursements rates for SNFs, downturns in the local economies, local real estate conditions, increased competition or decreased demand for our facilities, regional climate events, and unfavorable legislative or regulatory developments, which could adversely affect our business and results of operations.

The vote by the U.K. to leave the European Union could adversely affect us.

On January 31, 2020, the United Kingdom ("U.K.") withdrew from the European Union ("E.U."), commonly referred to as “Brexit.” The U.K. and E.U. agreed to participate in a transition period (the "Transition Period"), due to expire on December 31, 2020, to negotiate a trade agreement and other aspects of their future relationship. Following the Transition Period, the U.K. will no longer be a part of the single market and customs union of the E.U. As of the date of this filing, the relationship between the U.K. and E.U. following the Transition Period is unknown. Changes in economic conditions in the U.K. relating to Brexit may subject the operators of our facilities in the U.K. to increased risk, including potential disruptions in supply, increases in costs, or difficulty staffing. In addition, the uncertainty related to Brexit has caused foreign exchange rate fluctuations in the past, including the strengthening of the USD relative to the Euro and GBP immediately following the announcement of Brexit, and may continue to do so in the future. Furthermore, Brexit could lead to legal uncertainty or the imposition of additional legal or regulatory requirements on the Company, which could have adverse consequences on our business, financial condition and results of operations. The implementation of, or further developments with respect to, Brexit could further impact foreign exchange rates, which could materially adversely affect our business, financial condition and results of operations.

Our success depends in part on our ability to retain key personnel and our ability to attract or retain other qualified personnel.

Our future performance depends to a significant degree upon the continued contributions of our executive management team and other key employees. The loss of the services of our current executive management team could have an adverse impact on our operations. Although we have entered into employment agreements with the members of our executive management team, these agreements may not assure their continued service. In addition, our future success depends, in part, on our ability to attract, hire, train and retain other qualified personnel. Competition for qualified employees is intense, and we compete for qualified employees with companies with greater financial resources. Our failure to successfully attract, hire, retain and train the people we need would significantly impede our ability to implement our business strategy.

Failure to properly manage and integrate our rapid growth could distract our management or increase our expenses.

We have experienced rapid growth and development in a relatively short period of time and expect to continue this rapid growth in the future. This growth has resulted in increased levels of responsibility for our management. Future acquisitions or investments could place significant additional demands on, and require us to expand, our management, resources and personnel. In addition, we cannot assure you that we will be able to adapt our administrative, accounting and operational systems to integrate and manage the long-term care facilities we have acquired or may acquire in a timely manner. Our failure to manage any such rapid growth effectively could harm our business and, in particular, our financial condition, results of operations and cash flows, which could negatively affect our ability to make distributions to stockholders and the trading price of our common stock. Our growth could also increase our capital requirements, which may require us to issue potentially dilutive equity securities and incur additional debt.

We rely on information technology in our operations, and any material failure, inadequacy, interruption or security failure of that technology could harm our business.

We rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information, and to manage or support a variety of business processes, including financial transactions and records, personal identifying information, tenant and lease data. We purchase some of our information technology from vendors, on whom our systems depend. We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential tenant and other customer information, such as individually identifiable information, including information relating to financial accounts. Although we have taken steps to protect the security of our information systems and the data maintained in those systems, it is possible that our safety and security measures will not be able to prevent the systems' improper functioning or damage, or the improper access or disclosure of personally identifiable information such as in the event of cyber-attacks. Security breaches, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches, can create system disruptions, shutdowns or unauthorized disclosure of confidential information. Any failure to maintain proper function, security and availability of our information systems could interrupt our operations, damage our reputation, subject us to liability claims or regulatory penalties and could have a material adverse effect on our business, financial condition and results of operations.

Failure to maintain effective internal control over financial reporting could have a material adverse effect on our business, results of operations, financial condition and stock price.

We are required to provide a report by management on internal control over financial reporting, including management's assessment of the effectiveness of such control. Changes to our business will necessitate ongoing changes to our internal control systems and processes. Internal control over financial reporting may not prevent or detect misstatements due to inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. In addition, projections of any evaluation of effectiveness of internal control over financial reporting to future periods are subject to the risk that the control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, our business, results of operations and financial condition could be materially adversely harmed, we could fail to meet our reporting obligations and there could be a material adverse effect on our stock price.

Our primary assets are the units of partnership interest in Omega OP and, as a result, we will depend on distributions from Omega OP to pay dividends and expenses.

The Company is a holding company and has no material assets other than units of partnership interest in Omega OP. We intend to cause the Partnership to make distributions to its partners, including the Company, in an amount sufficient to allow us to qualify as a REIT for U.S. federal income tax purposes and to pay all of our expenses. To the extent we need funds and the Partnership is restricted from making distributions under applicable law or otherwise, or if the Partnership is otherwise unable to provide such funds, the failure to make such distributions could materially adversely affect our liquidity and financial condition.

Members of our management and Board are holders of units of partnership interest in Omega OP, and their interests may differ from those of our public stockholders.

Some members of our management and Board hold partnership interest in Omega OP. Those unitholders may have conflicting interests with holders of the Company's common stock. For example, such unitholders of Omega OP Units may have different tax positions from the Company or holders of our common stock, which could influence their decisions in their capacities as members of management regarding whether and when to dispose of assets, whether and when to incur new or refinance existing indebtedness and how to structure future transactions.

Our investments in a consolidated joint venture and unconsolidated joint ventures could be adversely affected by our lack of sole decision-making authority, our reliance on our joint venture partners' financial condition, any disputes that may arise between us and our joint venture partners, and our exposure to potential losses from the actions of our joint venture partners.

As of December 31, 2019, we have ownership interest in one consolidated joint venture and five unconsolidated joint ventures. These joint ventures involve risks not present with respect to our wholly owned properties, including the following:

- We may be unable to take actions that are opposed by our joint venture partners under arrangements that require us to share decision-making authority over major decisions affecting the ownership or operation of the joint venture and any property owned by the joint venture, such as the sale or financing of the property or the making of additional capital contributions for the benefit of the property;
- For joint ventures in which we have a noncontrolling interest, our joint venture partners may take actions that we oppose;
- Our ability to sell or transfer our interest in a joint venture to a third party may be restricted if we fail to obtain the prior consent of our joint venture partners;
- Our joint venture partners may become bankrupt or fail to fund their share of required capital contributions, which could delay construction or development of a property or increase our financial commitment to the joint venture;
- Our joint venture partners may have business interests or goals with respect to a property that conflict with our business interests and goals, including with respect to the timing, terms and strategies for investment, which could increase the likelihood of disputes regarding the ownership, management or disposition of the property;
- Disagreements with our joint venture partners could result in litigation or arbitration that increases our expenses, distracts our officers and directors, and disrupts the day-to-day operations of the property, including by delaying important decisions until the dispute is resolved; and
- We may suffer losses as a result of actions taken by our joint venture partners with respect to our joint venture investments.

Risks Related to Taxation

If we fail to maintain our REIT status, we will be subject to federal income tax on our taxable income at regular corporate rates.

We were organized to qualify for taxation as a REIT under Sections 856 through 860 of the Code. See *Item 1. Business – Taxation of Omega.* We believe that we have operated in such a manner as to qualify for taxation as a REIT under the Code and intend to continue to operate in a manner that will maintain our qualification as a REIT. Qualification as a REIT involves the satisfaction of numerous requirements, some on an annual and some on a quarterly basis, established under highly technical and complex provisions of the Code for which there are only limited judicial and administrative interpretations and involve the determination of various factual matters and circumstances not entirely within our control. We cannot assure that we will at all times satisfy these rules and tests.

If we were to fail to qualify as a REIT in any taxable year, as a result of a determination that we failed to meet the annual distribution requirement or otherwise, we would be subject to federal income tax, including, with respect to taxable years beginning before January 1, 2018, any applicable alternative minimum tax, on our taxable income at regular corporate rates with respect to each such taxable year for which the statute of limitations remains open. Moreover, unless entitled to relief under certain statutory provisions, we also would be disqualified from treatment as a REIT for the four taxable years following the year during which qualification is lost. This treatment would significantly reduce our net earnings and cash flow because of our additional tax liability for the years involved, which could significantly impact our financial condition.

We generally must distribute annually at least 90% of our taxable income to our stockholders to maintain our REIT status. To the extent that we do not distribute all of our net capital gain or do distribute at least 90%, but less than 100% of our "REIT taxable income," as adjusted, we will be subject to tax thereon at regular ordinary and capital gain corporate tax rates.

As a result of all these factors, our failure to maintain our qualification as a REIT could impair our ability to expand our business and raise capital, and would substantially reduce our ability to make distributions to you.

Even if we remain qualified as a REIT, we may face other tax liabilities that reduce our cash flow.

Even if we remain qualified for taxation as a REIT, we may be subject to certain federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property and transfer taxes. Any of these taxes would decrease cash available for the payment of our debt obligations. In addition, to meet REIT qualification requirements, we may hold some of our non-healthcare assets through taxable REIT subsidiaries or other subsidiary corporations that will be subject to corporate level income tax at regular rates.

Qualifying as a REIT involves highly technical and complex provisions of the Code and complying with REIT requirements may affect our profitability.

Qualification as a REIT involves the application of technical and intricate Code provisions. Even a technical or inadvertent violation could jeopardize our REIT qualification. To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the nature and diversification of our assets, the sources of our income and the amounts we distribute to our stockholders. Thus, we may be required to liquidate otherwise attractive investments from our portfolio, or be unable to pursue investments that would be otherwise advantageous to us, to satisfy the asset and income tests or to qualify under certain statutory relief provisions. We may also be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution (e.g., if we have assets which generate mismatches between taxable income and available cash). Having to comply with the distribution requirement could cause us to: (i) sell assets in adverse market conditions; (ii) borrow on unfavorable terms; or (iii) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt. As a result, satisfying the REIT requirements could have an adverse effect on our business results and profitability.

There is a risk of changes in the tax law applicable to REITs.

The IRS, the United States Treasury Department and Congress frequently review U.S. federal income tax legislation, regulations and other guidance. We cannot predict whether, when or to what extent new U.S. federal tax laws, regulations, interpretations or rulings will be adopted. Any legislative action may prospectively or retroactively modify our tax treatment and, therefore, may adversely affect taxation of us, our properties, or our shareholders. In particular, the Tax Cuts and Jobs Act (the "Tax Act") was enacted on December 22, 2017, and generally takes effect for taxable years beginning on or after January 1, 2018 (subject to certain exceptions). The Tax Act resulted in the broadest rewrite of the Code since 1986 and will have a broad impact across industries and taxpayers, including REITs and their shareholders. These changes will impact us and our shareholders in various ways (as further described below), some of which are adverse or potentially adverse compared to prior law. The IRS has issued limited guidance with respect to the provisions of the Tax Act, and there are numerous interpretive issues that will require guidance. It is likely that technical corrections legislation will be needed to clarify certain aspects of the new law and give proper effect to Congressional intent. There can be no assurance, however, that technical clarifications or changes needed to prevent unintended or unforeseen tax consequences will be enacted by Congress in the near future.

Certain provisions of the Tax Act could require us to increase our distributions to stockholders in order to maintain REIT status or to avoid entity-level taxes.

There are a number of provisions included in the Tax Act that will impact the computation of our taxable income before the deduction for dividends paid to our shareholders (i.e., our undistributed taxable income), which likely will impact, favorably or unfavorably, the amount we will be required to distribute annually as dividends in order to maintain REIT status or avoid an entity-level liability for U.S. federal income tax on our undistributed taxable income.

The provisions of the Tax Act likely to have the greatest impact on the computation of our undistributed taxable income are (i) the 30% limitation on the deduction for our interest expense, which limitation may be avoided if we elect to use the alternative depreciation system to depreciate our real property and qualified improvements thereto, ii) the provisions requiring revenue recognition in conformity with the Company's applicable financial statements, (iii) the provisions allowing for full expensing of qualified property placed in service prior to 2022 (this deduction is reduced by 20% per year beginning in 2023), and (iv) limitations imposed on the deductibility of performance-based compensation paid to the principal executive and financial officers, and our next three (3) highest compensated officers. Other provisions that could have a lesser impact on our undistributed taxable income include, for example, additional limitations on the deductions for certain travel and entertainment expenses and lobbying expenses before local governmental bodies.

To the extent that the deductibility of certain of our expenses is limited or the acceleration of revenue recognition is required by the Tax Act (as discussed above), there would be an increase in the amount we are required to distribute annually to our shareholders to avoid entity-level taxation but would not result in any corresponding increase in our cash available for distribution as dividends. On the other hand, depending on the manner in which the acquisition of property is financed, the full expensing rules could have the opposite impact – i.e., decreasing the amount we are required to distribute annually without any corresponding decrease in our cash available for distribution as dividends.

The ultimate impact of the Tax Act may differ from our description herein due to changes in interpretations, as well as additional regulatory guidance that may be issued. **Investors are strongly urged to consult their own tax advisors regarding the potential impact of the Tax Act on the U.S. federal income tax consequences applicable to investors based on their particular circumstances.**

Risks Related to Our Stock

In addition to the risks related to our operators and our operations described above, the following are additional risks associated with our stock.

The market value of our stock could be substantially affected by various factors.

Market volatility may adversely affect the market price of our common stock. As with other publicly traded securities, the share price of our stock depends on many factors, which may change from time to time, including:

- the market for similar securities issued by REITs;
- changes in financial estimates or recommendations by securities analysts with respect to us, our competitors or our industry;
- our ability to meet our guidance estimates or analysts' estimates;
- prevailing interest rates;
- our credit rating;
- changes in legal and regulatory taxation obligations;
- litigation and regulatory proceedings;
- general economic and market conditions; and
- the financial condition, performance and prospects of us, our tenants and our competitors.

Our issuance of additional capital stock, warrants or debt securities, whether or not convertible, may reduce the market price for our outstanding securities, including our common stock, and dilute the ownership interests of existing stockholders.

We cannot predict the effect, if any, that future sales of our capital stock, warrants or debt securities, or the availability of our securities for future sale, will have on the market price of our securities, including our common stock. Sales of substantial amounts of our common stock or preferred shares, warrants or debt securities convertible into or exercisable or exchangeable for common stock in the public market, or the perception that such sales might occur, could negatively impact the market price of our stock and the terms upon which we may obtain additional equity financing in the future. Our Board has the authority to designate and issue preferred stock that may have dividend, liquidation and other rights that are senior to those of our common stock.

In addition, we may issue additional capital stock in the future to raise capital or as a result of the following:

- the issuance and exercise of options to purchase our common stock or other equity awards under remuneration plans (we may also issue equity to our employees in lieu of cash bonuses or to our directors in lieu of director's fees);
- the issuance of shares pursuant to our dividend reinvestment and direct stock purchase plan or at-the-market offerings;
- the issuance of debt securities exchangeable for our common stock;
- the exercise of warrants we may issue in the future;
- the issuance of warrants or other rights to acquire shares to current or future lenders in connection with providing financing; and
- the sales of securities convertible into our common stock.

Any debt securities, preferred shares, warrants or other rights to acquire shares or convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. Holders of our common stock are not entitled to preemptive rights or other protections against dilution. Our preferred shares, if issued, could have a preference on liquidating distributions or a preference on dividend payments that could limit our ability pay dividends or other distributions to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk that our future offerings could reduce the per share trading price of our common stock and dilute their interest in us.

Your ownership percentage in our company may be diluted in the future.

In the future, your percentage ownership in us may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise. We also anticipate that we will grant future compensatory equity-based incentive awards to directors, officers and employees who provide services to us. Such awards will have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock.

In addition, our charter authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over our common stock respecting dividends and distributions, as our Board generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, we could grant the holders of preferred stock the right to elect some number of our directors in all events or on the occurrence of specified events, or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we could assign to shares of preferred stock could affect the residual value of the common stock.

There are no assurances of our ability to pay dividends in the future.

Our ability to pay dividends may be adversely affected upon the occurrence of any of the risks described herein. Our payment of dividends is subject to compliance with restrictions contained in our credit agreements, the indentures governing our senior notes and any preferred stock that our Board may from time to time designate and authorize for issuance. All dividends will be paid at the discretion of our Board and will depend upon our earnings, our financial condition, maintenance of our REIT status and such other factors as our Board may deem relevant from time to time. There are no assurances of our ability to pay dividends in the future. In addition, our dividends in the past have included, and may in the future include, a return of capital.

A downgrade of our credit rating could impair our ability to obtain additional debt financing on favorable terms, if at all, and significantly reduce the trading price of our common stock.

If any rating agency downgrades our credit rating, or places our rating under watch or review for possible downgrade, then it may be more difficult or expensive for us to obtain additional debt financing, and the trading price of our common stock may decline. Factors that may affect our credit rating include, among other things, our financial performance, our success in raising sufficient equity capital, adverse changes in our debt and fixed charge coverage ratios, our capital structure and level of indebtedness and pending or future changes in the regulatory framework applicable to our operators and our industry. We cannot assure that these credit agencies will not downgrade our credit rating in the future.

Item 1B – Unresolved Staff Comments

None.

Item 2 – Properties

At December 31, 2019, our real estate investments include SNFs and ALFs and to a lesser extent ILFs, specialty facilities and MOBs, in the form of (i) owned facilities that are leased to operators or their affiliates, (ii) investments in direct financing leases to operators or their affiliates and (iii) mortgages on facilities that are operated by the mortgagors or their affiliates. The properties are located in 40 states and the United Kingdom and are operated by 71 operators. We use the term "operator" to refer to our tenants and mortgagors and their affiliates who manage and/or operate our properties. In some cases, our tenants and mortgagors contract with a healthcare operator to operate the facilities. The following table summarizes our property investments as of December 31, 2019:

Investment Structure/Operator	Number of Operating Beds	Number of Facilities	Gross Real Estate Investment (in thousands)
Operating Lease Facilities(1)			
Consulate Health Care	9,270	82	$ 949,605
Maplewood Real Estate Holdings, LLC	1,306	15	782,101
Agemo Holdings LLC	6,454	58	544,188
Saber Health Group	5,301	48	534,595
CommuniCare Health Services, Inc.	4,571	42	481,842
Ciena Healthcare	3,373	35	457,493
Genesis HealthCare	6,161	56	399,407
Daybreak Venture, LLC	4,685	54	313,326
Health and Hospital Corporation	4,606	44	304,698
Healthcare Homes	1,899	37	284,429
Gulf Coast Master Tenant I, LLC	2,728	24	278,056
Airamid Health Management	4,118	34	242,534
Nexion Health Inc.	3,246	32	235,454
Fundamental Long Term Care Holding, LLC	2,217	18	235,233
S&F Management Company, LLC	2,100	17	232,033
EmpRes Healthcare Group, Inc.	1,747	22	216,838
Diversicare Healthcare Services	3,313	24	198,263
Sun Mar Healthcare	1,268	11	179,219
Guardian LTC Management Inc.	2,137	27	167,308
Providence Group, Inc.	1,334	14	134,735
Mission Health	1,160	17	133,195
Gold Care	992	18	127,577
Creative Solutions	1,401	12	106,524
Affiliates of Capital Funding Group, Inc.	544	6	102,071
Vibra Healthcare	164	3	81,726
Trillium Healthcare Group	984	13	78,958
Life Generations Healthcare, Inc.	618	7	73,304
Peregrine Health Services, Inc.	624	4	72,779
TenInOne Acquisition Group, LLC	1,201	8	72,092
Pinon Management, LLC	952	10	67,663
Trinity HealthCare	893	13	65,637
Focused Post Acute Care Partner II, LLC	884	9	65,056
Prestige Care, Inc.	542	8	55,778
Lakeland Holding Company	573	3	54,209
CareMeridian	167	13	46,692
Reach LTC	978	11	43,000
Fellowship Senior Living	389	4	41,925
StoneGate Senior Care LP	703	7	39,384
Southern Administrative Services, LLC	813	9	36,818
Swain/Herzog	570	6	35,095
Wellington Healthcare	623	5	28,829
Cardinal Care Management, Inc.	161	2	28,629
Sovran Management Company, LLC	300	1	28,500
Sava Senior Care, LLC	331	2	27,937
AAC Holdings	—	4	25,670
Physician's Hospital Group	67	3	23,394

Investment Structure/Operator	Number of Operating Beds	Number of Facilities	Gross Real Estate Investment (in thousands)
Operating Lease Facilities[1]			
Advanced Diagnostics	4	1	22,676
Lion Health Centers	162	1	20,458
Cascadia Healthcare LLC	248	3	19,764
Kissito	160	2	16,363
Transitions Healthcare, LLC	135	1	15,732
ACM Senior Living, LLC	93	1	15,250
Magnolia	160	2	14,966
International Equity Partners	144	1	14,070
Health Systems of Oklahoma LLC	407	3	12,470
Washington N&R	239	2	12,144
Care Initiatives, Inc	188	1	10,347
Prospect Medical	130	1	9,796
Diakonos Group, LLC	190	2	9,760
Ensign Group, Inc.	271	3	9,656
Community Eldercare Services, LLC	100	1	7,572
Rohde Realty, Inc.	—	1	6,894
Sequel	63	1	6,531
AMFM	150	2	5,786
Sante Operations	52	1	5,684
Southwest LTC	150	1	5,100
Markleysburg Healthcare Investors, LP	207	2	4,076
Equity LLC [3]	—	—	3,796
Hickory Creek Healthcare Foundation	63	1	2,834
Closed Facilities	—	—	470
	91,784	926	8,985,994
Assets Closed and Held for Sale			
Genesis HealthCare	—	1	3,895
Trillium Healthcare Group	—	3	650
Closed	—	1	322
Guardian LTC Management Inc.	—	1	55
	—	6	4,922
Investment in Direct Financing Leases			
Sun Mar Healthcare	83	1	11,488
Markleysburg Healthcare Investors, LP	52	1	—
	135	2	11,488
Mortgages[2]			
Ciena Healthcare	3,945	36	526,520
Guardian LTC Management Inc.	808	9	112,500
Baylor Scott and White	106	1	68,389
CommuniCare Health Services, Inc.	455	3	35,964
Haven	72	1	19,000
Vibra Healthcare	—	1	8,238
Medistar [3]	—	1	1,481
Benchmark Healthcare	79	1	1,471
	5,465	53	773,563
Total	97,384	987	$ 9,775,967

(1) Certain of our lease agreements contain purchase options that permit the lessees to purchase the underlying properties from us.
(2) In general, many of our mortgages contain prepayment provisions that permit prepayment of the outstanding principal amounts thereunder.
(3) The total operator count excludes these investments as they are investments in non-operating facilities.

The following table presents the concentration of our real estate investments by state (and the U.K.) as of December 31, 2019:

Location	Number of Facilities	Number of Operating Beds	Gross Real Estate Investment (in thousands)	% of Gross Real Estate Investment
Florida	132	15,745	$ 1,420,419	14.54 %
Texas	127	12,117	940,434	9.62 %
Michigan	50	5,146	675,203	6.91 %
Indiana	69	7,190	635,086	6.50 %
California	59	5,043	610,536	6.25 %
Ohio	55	5,205	596,330	6.10 %
Pennsylvania (1)	56	5,153	589,756	6.03 %
United Kingdom	55	2,891	412,006	4.21 %
North Carolina	41	4,240	349,446	3.57 %
Virginia	22	2,969	330,876	3.38 %
New York	—	—	305,006	3.12 %
Connecticut	8	723	295,705	3.02 %
Tennessee	35	4,336	287,785	2.94 %
Mississippi	25	2,589	246,731	2.52 %
Massachusetts (1)	11	962	195,993	2.00 %
Kentucky	21	1,877	169,927	1.74 %
Washington	18	1,382	152,560	1.56 %
Maryland	12	1,652	144,198	1.48 %
Nevada	10	819	134,868	1.38 %
Colorado	14	1,565	107,900	1.10 %
Arizona	9	1,046	97,613	1.00 %
Louisiana	17	1,621	93,852	0.96 %
South Carolina	8	963	88,612	0.91 %
Missouri	18	1,884	86,341	0.88 %
Idaho	10	853	85,913	0.88 %
West Virginia	11	1,255	75,981	0.78 %
Georgia	10	1,130	70,827	0.72 %
Arkansas	10	938	70,467	0.72 %
Minnesota	3	516	69,058	0.71 %
Iowa	9	719	61,653	0.63 %
Kansas	15	756	57,004	0.58 %
New Mexico (1)	7	540	53,156	0.54 %
Oregon	6	360	52,868	0.54 %
Alabama	9	1,063	48,089	0.49 %
Rhode Island	4	538	43,534	0.45 %
Oklahoma	6	701	33,897	0.35 %
New Hampshire	3	221	23,082	0.24 %
Montana	3	198	21,117	0.22 %
Nebraska (1)	7	335	16,292	0.17 %
New Jersey(2)	—	—	11,788	0.12 %
Wisconsin	1	50	7,133	0.07 %
Vermont	1	93	6,925	0.07 %
	987	97,384	$ 9,775,967	100.00 %

(1) These states each include a facility/property that is classified as held for sale as of December 31, 2019.
(2) This state has been excluded from our total state count as we do not have an operating facility in this location.

Geographically Diverse Property Portfolio. Our portfolio of properties is broadly diversified by geographic location. Our portfolio includes healthcare properties located in 40 states and the U.K. In addition, the majority of our rental, direct financing lease and mortgage income is generally derived from facilities in states that require state approval for development and expansion of healthcare facilities. We believe that such state approvals may limit competition for our operators and enhance the value of our properties.

Large Number of Tenants. Our facilities are operated by 71 different public and private healthcare providers and/or managers. Except for Ciena Healthcare (10%), Consulate Health Care (9%), Maplewood Real Estate Holdings, LLC (8%), Agemo Holdings, LLC (6%), Saber Health Group (5%) and CommuniCare Healthcare Services, Inc. (5%), which together hold approximately 44% of our portfolio (by investment), no other single tenant holds greater than 5% of our portfolio (by investment).

Significant Number of Long-term Leases and Mortgage Loans. At December 31, 2019, approximately 90% of our operating leases, approximately 92% of our mortgages and approximately 100% of our direct financing leases have primary terms that expire after 2024. The majority of our leased real estate properties are leased under provisions of master lease agreements that govern more than one facility. We also lease facilities under single facility leases. The initial terms of our operating leases typically range from 5 to 15 years, plus renewal options. Our direct financing leases have initial terms in excess of 20 years.

All of our leased properties are leased under long-term, triple-net leases. The following table displays the expiration of the annualized straight-line rental revenues under our operating lease agreements as of December 31, 2019 by year without giving effect to any renewal options:

Expiration Year	Annualized Straight-line Rental Revenue Expiring	Number of Leases Expiring
	($ in thousands)	
2020	$ 1,802	7
2021	4,394	15
2022	35,230	4
2023	11,873	13
2024	35,250	4
2025	4,650	3
2026	13,435	5
2027	108,898	13
2028	180,497	14
Thereafter	465,776	32
Total	$ 861,805	110

Item 3 – Legal Proceedings

On November 16, 2017, a purported securities class action complaint captioned *Dror Gronich v. Omega Healthcare Investors, Inc., C. Taylor Pickett, Robert O. Stephenson, and Daniel J. Booth* was filed against the Company and certain of its officers in the United States District Court for the Southern District of New York (the "Court"), Case No. 1:17-cv-08983-NRB. On November 17, 2017, a second purported securities class action complaint captioned *Steve Klein v. Omega Healthcare Investors, Inc., C. Taylor Pickett, Robert O. Stephenson, and Daniel J. Booth* was filed against the Company and the same officers in the United States District Court for the Southern District of New York, Case No. 1:17-cv-09024-NRB. Thereafter, the Court considered a series of applications by various shareholders to be named lead plaintiff, consolidated the two actions and designated Royce Setzer as the lead plaintiff.

Pursuant to a Scheduling Order entered by the Court, lead plaintiff Setzer and additional plaintiff Earl Holtzman filed a Consolidated Amended Class Action Complaint on May 25, 2018 (the "Securities Class Action"). The Securities Class Action purports to be a class action brought on behalf of shareholders who acquired the Company's securities between May 3, 2017 and October 31, 2017. The Securities Class Action alleges that the defendants violated the Securities Exchange Act of 1934, as amended (the "Exchange Act"), by making materially false and/or misleading statements, and by failing to disclose material adverse facts about the Company's business, operations, and prospects, including the financial and operating results of one of the Company's operators, the ability of such operator to make timely rent payments, and the impairment of certain of the Company's leases and the uncollectibility of certain receivables. The Securities Class Action, which purports to assert claims for violations of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, as well as Section 20(a) of the Exchange Act, seeks an unspecified amount of monetary damages, interest, fees and expenses of attorneys and experts, and other relief. The Company and the officers named in the Securities Class Action filed a Motion to Dismiss on July 17, 2018. On March 25, 2019, the Court entered an order dismissing with prejudice all claims against all defendants. Plaintiffs have appealed the order to the United States Court of Appeals for the Second Circuit. The appeal is fully briefed, and the Court heard oral argument on November 13, 2019. The Company is awaiting a decision on the appeal.

The Board received a demand letter, dated April 9, 2018, from an attorney for Phillip Swan ("Swan"), a purported current shareholder of the Company relating to the subject matter covered by the Securities Class Action (the "Swan Shareholder Demand"). The letter demanded that the Board of Directors conduct an investigation into the statements and other matters at issue in the Securities Class Action and commence legal proceedings against each party identified as being responsible for the alleged activities. After an investigation and due consideration, and in the exercise of its business judgment, the Board determined that it is not in the best interests of the Company to commence litigation against any current or former officers or directors based on the matters raised in the Swan Shareholder Demand. In November 2018, the Board also received shareholder demands from two additional purported shareholders, Tom Bradley ("Bradley") and Sarah Smith ("Smith"), each represented by the same counsel as Swan, that were substantively identical to the Swan Shareholder Demand (the "Bradley/Smith Shareholder Demands"). The Board reached the same conclusion with respect to those demands as it reached with the Swan Shareholder Demand.

On August 22, 2018, Stourbridge Investments LLC, a purported shareholder of the Company, filed a derivative action purportedly on behalf of the Company in the United States District Court for the Southern District of New York against the current directors of the Company as well as certain officers alleging violations of Section 14(a) of the Securities Exchange Act of 1934 and state-law claims including breach of fiduciary duty. *Stourbridge Investments LLC v. Callen et al*., No. 1:18-cv-07638. The complaint alleges, among other things, that the defendants are responsible for the Company's failure to disclose the financial condition of Orianna Health Systems, the alleged non-disclosures that are also the subject of the Securities Class Action described above. The defendants in the action are the three individual defendants named in the Securities Class Action (Messrs. Pickett, Booth and Stephenson), as well as the Company's non-management directors. The plaintiff did not make a demand on the Company to bring the action prior to filing it, but rather alleges that demand would have been futile. The parties have entered into a stipulation in which they agreed to stay the case, including any response by defendants, pending the entry of judgment or a voluntary dismissal with prejudice in the Securities Class Action. The agreed-upon stipulation and order to stay the case were entered by the Court on October 25, 2018.

On January 30, 2019, Swan filed a derivative action in the Baltimore City Circuit Court of Maryland, purportedly on behalf of the Company against certain current and former directors of the Company as well as certain officers, asserting claims for breach of fiduciary duty, waste of corporate assets and unjust enrichment. *Swan v. Pickett, et al.,* No. 24-C-19-000573. Swan alleges that the Swan Shareholder Demand was wrongfully refused. On February 21, 2019, Bradley and Smith filed a derivative action in the Baltimore City Circuit Court of Maryland, purportedly on behalf of the Company against certain current and former directors of the Company as well as certain officers, asserting claims for breach of fiduciary duty, abuse of control, gross mismanagement, and unjust enrichment. *Bradley and Smith v. Callen, et al.*, No. 24-c-19-000972. Bradley and Smith allege that the Bradley/Smith Shareholder Demands were wrongly refused. The derivative actions brought by Swan and Bradley and Smith have been consolidated under the heading of the *Swan* action. The parties in those actions have agreed to a stay of proceedings pending the issuance of a mandate from the Second Circuit Court of Appeals in the appeal of the dismissal of the Securities Class Action. On October 11, 2019, the Court issued an order adopting the stay of proceedings agreed to by the parties.

The Company believes that the claims asserted against it in these lawsuits are without merit and intends to vigorously defend against them.

Separately, during February and March 2019, four lawsuits were filed by purported stockholders of MedEquities against MedEquities and its directors challenging the proposed merger between MedEquities and the Company. Two of the lawsuits also named the Company as a defendant. Three of these actions were dismissed during 2019, including both actions that named the Company as defendant. These actions were *Brekka v. MedEquities Realty Trust, Inc., et al*., Case 1:19-cv-00535-JKB, in the United States District Court for the District of Maryland; *Scarantino v. McRoberts et al*., Case No. 24-c-19-001027, in the Circuit Court for Baltimore City, Maryland; and *Bushansky v. MedEquities Realty Trust, Inc., et al.*, Case 3:19-cv-00231, in the United States District Court for the Middle district of Tennessee. In addition, the defendants reached agreements with the plaintiffs regarding the resolution of any claims for attorney's fees or "mootness fees" in connection with these matters. In January of 2020, the fourth action, *Russell v. MedEquities Realty Trust, Inc., et al*., Case No. C-03-CV-19-000721 was also dismissed, and an agreement was entered into with that plaintiff regarding the resolution of any claims for attorney's fees or "mootness fees" in that matter.

Other

In September 2016, MedEquities received a Civil Investigative Demand ("CID") from the U.S. Department of Justice ("DOJ"), which indicates that it is conducting an investigation regarding alleged violations of the False Claims Act, Stark Law and Anti-Kickback Statute in connection with claims that may have been submitted to Medicare and other federal payors for services rendered to patients at Lakeway Hospital or by providers with financial relationships with Lakeway Hospital. As a result of the acquisition of MedEquities, the Company owns a 51% interest in an unconsolidated partnership that owns Lakeway Hospital (the "Lakeway Partnership"). The CID requested certain documents and information related to the acquisition and ownership of Lakeway Hospital through the Lakeway Partnership. The Company has learned that the DOJ is investigating MedEquities' conduct in connection with its investigation of financial relationships related to Lakeway Hospital, including allegations by the DOJ that these relationships violate and continue to violate the Anti-Kickback Statute and, as a result, related claims submitted to federal payors violated and continue to violate the False Claims Act. The Company is cooperating fully with the DOJ in connection with the CID and has produced all of the information that has been requested to date.

The Company believes that the acquisition, ownership and leasing of Lakeway Hospital through the Lakeway Partnership was and is in compliance with all applicable laws. However, due to the uncertainties surrounding this matter and its ultimate outcome, we are unable to determine whether it is probable that any loss has been incurred.

In addition, we are subject to various other legal proceedings, claims and other actions arising out of the normal course of business. While any legal proceeding or claim has an element of uncertainty, management believes that the outcome of each lawsuit, claim or legal proceeding that is pending or threatened, or all of them combined, will not have a material adverse effect on our consolidated financial position or results of operations.

Item 4 – Mine Safety Disclosures

None.

PART II

Item 5 – Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Omega

Market Information

Shares of Omega common stock are traded on the New York Stock Exchange under the symbol "OHI." As of February 19, 2020, there were 3,000 registered holders and 226,809,863 of Omega common shares outstanding.

Equity Compensation Plan Information

The following table provides information about shares available for future issuance under our equity compensation plans as of December 31, 2019:

Equity Compensation Plan Information

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	(b) Weighted-average exercise price of outstanding options, warrants and rights (2)	(c) Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in column (a) (3)
Equity compensation plans approved by security holders	3,353,658	$ —	4,404,626
Equity compensation plans not approved by security holders	—	—	—
Total	3,353,658	$ —	4,404,626

(1) Reflects (i) 109,668 shares related to the March 17, 2016 award of performance restricted stock units or Profit Interest units ("PIUs"), (ii) 118,416 restricted stock units that were granted on January 1, 2017, (iii) 658,052 shares that could be issued if certain performance conditions are achieved related to the January 1, 2017 award of performance restricted stock units or PIUs, (iv) 146,400 restricted stock units that were granted on January 1, 2018, (v) 973,142 shares that could be issued if certain performance conditions are achieved related to the January 1, 2018 award of performance restricted stock units or PIUs, (vi) 118,698 restricted stock units and PIUs that were granted on January 1, 2019, (vii) 769,893 shares that could be issued if certain performance conditions are achieved related to the January 1, 2019 award of performance restricted stock units or PIUs and (viii) 459,389 shares in respect of outstanding deferred stock units.

(2) No exercise price is payable with respect to the restricted stock units and performance restricted stock units.

(3) Reflects shares of common stock remaining available for future awards under our 2018 Stock Incentive Plans.

Issuer Purchases of Equity Securities

During the fourth quarter of 2019, we purchased 16,946 outstanding shares of our common stock in connection with tax withholdings upon vesting of equity awards.

Period	(a) Total Number of Shares Purchased [(1)]	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares that may be Purchased Under these Plans or Programs
October 1, 2019 to October 31, 2019	16,946	$ 41.79	—	—
November 1, 2019 to November 30, 2019	—	—	—	—
December 1, 2019 to December 31, 2019	—	—	—	—
Total	16,946	$ 41.79	—	—

(1) Represents shares purchased from employees to pay the withholding taxes related to the vesting of equity awards. The shares were not part of a publicly announced repurchase plan or program.

Unregistered Sales of Equity Securities and Use of Proceeds

During the quarter ended December 31, 2019, Omega issued an aggregate of 10,233 shares of Omega common stock in exchange for an equivalent number of Omega OP Units tendered to Omega OP for redemption in accordance with the provisions of the Partnership Agreement. We issued these shares of Omega common stock in reliance on an exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), based upon factual representations received from the limited partners who received the Omega common stock.

Omega OP

Market Information

There is no established trading market for common equity of Omega OP. The number of holders of record of Omega OP Units was 128 as of December 31, 2019.

Distributions

Distributions per Omega OP Unit are equal to the per share dividend on Omega's common stock. Omega is required each year to distribute to its stockholders at least 90% of its REIT taxable income after certain adjustments. Future distributions will be determined by the Board, in its sole discretion, based on actual and projected financial condition, liquidity and results of operations, cash available for distributions, cash reserves as deemed necessary for capital and operating expenditures, financing covenants, if any, and the distributions that may be required to maintain Omega's status as a REIT.

Issuer Purchases of Equity Securities

See *Omega - Unregistered Sales of Equity Securities and Use of Proceeds* above for information regarding redemption of Omega OP Units.

Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 6 – Selected Financial Data

The following table sets forth our selected financial data and operating data for Omega and Omega OP on a historical basis. The following data should be read in conjunction with our audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere herein. Our historical operating results may not be comparable to our future operating results. See *Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations – Portfolio and Other Developments*

Omega	**Year Ended December 31,**				
	2019	**2018**	**2017 (1)**	**2016**	**2015**
	(in thousands, except per share amounts)				
Operating Data					
Revenues	$ 928,830	$ 881,682	$ 908,385	$ 900,827	$ 743,617
Net income	$ 351,947	$ 293,884	$ 104,910	$ 383,367	$ 233,315
Net income available to common stockholders	$ 341,123	$ 281,578	$ 100,419	$ 366,415	$ 224,524
Per share amounts:					
Net income available to common stockholders:					
Basic	$ 1.60	$ 1.41	$ 0.51	$ 1.91	$ 1.30
Net income:					
Diluted	$ 1.58	$ 1.40	$ 0.51	$ 1.90	$ 1.29
Dividends, Common Stock (2)	$ 2.65	$ 2.64	$ 2.54	$ 2.36	$ 2.18
Weighted-average common shares outstanding, basic	213,404	200,279	197,738	191,781	172,242
Weighted-average common shares outstanding, diluted	222,125	209,711	206,790	201,635	180,508

Omega OP	**Year Ended December 31,**				
	2019	**2018**	**2017 (1)**	**2016**	**2015**
	(in thousands, except per share amounts)				
Operating Data					
Revenues	$ 928,830	$ 881,682	$ 908,385	$ 900,827	$ 610,197
Net income	$ 351,947	$ 293,884	$ 104,910	$ 383,367	$ 190,263
Net income available to owners'	$ 351,959	$ 293,884	$ 104,910	$ 383,367	$ 190,263
Per Omega OP Unit amounts:					
Net income available to Omega OP Unit holders:					
Basic	$ 1.60	$ 1.41	$ 0.51	$ 1.91	$ 0.98
Net income:					
Diluted	$ 1.58	$ 1.40	$ 0.51	$ 1.90	$ 0.97
Dividends, Omega OP Unit holders	$ 2.65	$ 2.64	$ 2.54	$ 2.36	$ 1.29
Weighted-average Omega OP Units outstanding, basic	220,193	209,020	206,521	200,679	193,843
Weighted-average Omega OP Units outstanding, diluted	222,125	209,711	206,790	201,635	195,742

	As of December 31,				
	2019	2018	2017 (1)	2016	2015
	(in thousands)				
Balance Sheet Data					
Gross investments (3)	$ 10,395,079	$ 9,126,190	$ 9,091,714	$ 9,166,129	$ 8,107,352
Total assets (3)	9,796,124	8,590,877	8,773,305	8,949,260	7,989,936
Revolving line of credit (4)	125,000	313,000	290,000	190,000	230,000
Term loans, net (4)	804,738	898,726	904,670	1,094,343	745,693
Other long-term borrowings, net (4)	4,206,402	3,328,896	3,377,488	3,082,511	2,564,320
Total equity (3)	4,336,594	3,764,484	3,888,258	4,211,986	4,100,865

(1) 2017 results reflect the impact of an aggregate of $297 million of impairment losses on real estate properties and direct financing leases.

(2) Dividends per share are those declared and paid during such period.

(3) As of December 31, 2015, 2016, 2017, 2018 and 2019, the Gross investments, Total assets and Total equity are the same for Omega and Omega OP.

(4) All of the debt outstanding for Omega is considered outstanding for Omega OP via intercompany loans with Omega.

Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements and Factors Affecting Future Results

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this document, including statements regarding potential future changes in reimbursement. This document contains "forward-looking statements" within the meaning of the federal securities laws. These statements relate to our expectations, beliefs, intentions, plans, objectives, goals, strategies, future events, performance and underlying assumptions and other statements other than statements of historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology including, but not limited to, terms such as "may," "will," "anticipates," "expects," "believes," "intends," "should" or comparable terms or the negative thereof. These statements are based on information available on the date of this filing and only speak as to the date hereof and no obligation to update such forward-looking statements should be assumed. Our actual results may differ materially from those reflected in the forward-looking statements contained herein as a result of a variety of factors, including, among other things:

(i) those items discussed under "Risk Factors" in Part I, Item 1A to our annual report on Form 10-K;
(ii) uncertainties relating to the business operations of the operators of our assets, including those relating to reimbursement by third-party payors, regulatory matters and occupancy levels;
(iii) 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;
(iv) our ability to re-lease, otherwise transition, or sell underperforming assets or assets held for sale on a timely basis and on terms that allow us to realize the carrying value of these assets;
(v) the availability and cost of capital to us;
(vi) changes in our credit ratings and the ratings of our debt securities;
(vii) competition in the financing of healthcare facilities;
(viii) regulatory and other changes in the healthcare sector;
(ix) changes in the financial position of our operators;
(x) the effect of economic and market conditions generally and, particularly, in the healthcare industry;
(xi) changes in interest rates;
(xii) the amount and yield of any additional investments;
(xiii) changes in tax laws and regulations affecting real estate investment trusts ("REITs");
(xiv) the potential impact of changes in the skilled nursing facility ("SNF") and assisted living facility ("ALF") markets or local real estate conditions on our 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; and
(xv) our ability to maintain our status as a REIT.

Overview and Outlook

The Company has one reportable segment consisting of investments in healthcare-related real estate properties located in the United States ("U.S.") and the United Kingdom ("U.K."). Our core business is to provide financing and capital to the long-term healthcare industry with a particular focus on skilled nursing facilities ("SNFs"), assisted living facilities ("ALFs"), and to a lesser extent, independent living facilities ("ILFs"), rehabilitation and acute care facilities ("specialty facilities") and medical office buildings ("MOBs"). Our core portfolio consists of long-term leases and mortgage agreements. All of our leases are "triple-net" leases, which require the operators (we use the term "operator" to refer to our tenants and mortgagors and their affiliates who manage and/or operate our properties) to pay all property-related expenses. Our mortgage revenue derives from fixed rate mortgage loans, which are secured by first mortgage liens on the underlying real estate and personal property of the mortgagor. Our other investment income is derived from fixed and variable rate loans to our operators and/or their principals to fund working capital and capital expenditures. These loans, which may be either unsecured or secured by the collateral of the borrower, are classified as other investments.

Our portfolio of investments at December 31, 2019, included 987 healthcare facilities, located in 40 states and the U.K. that are operated by 71 third-party operators. Our real estate investment in these facilities totaled approximately $9.8 billion at December 31, 2019, with 98% of our real estate investments related to long-term healthcare facilities. The portfolio is made up of (i) 784 SNFs, (ii) 114 ALFs, (iii) 28 specialty facilities, (iv) two medical office buildings, (v) fixed rate mortgages on 47 SNFs, two ALFs and four specialty facilities and (vi) six SNFs that are currently closed and held for sale. At December 31, 2019, we held other investments of approximately $419.2 million, consisting primarily of secured loans to third-party operators of our facilities and $199.9 million of investment in five unconsolidated joint ventures.

Omega's consolidated financial statements include the accounts of (i) Omega, (ii) Omega OP, and (iii) all direct and indirect wholly owned subsidiaries of Omega and (iv) other entities in which Omega or Omega OP has a majority voting interest and control. All intercompany accounts and transactions have been eliminated in consolidation, and Omega's net earnings are reduced by the portion of net earnings attributable to noncontrolling interests. Omega OP's consolidated financial statements include the accounts of (i) Omega OP, (ii) all direct and indirect wholly owned subsidiaries of Omega OP and (iii) other entities in which Omega OP has a majority voting interest and control. Omega OP's net earnings are reduced by the portion of net earnings attributable to the noncontrolling interest. All intercompany transactions and balances have been eliminated in consolidation.

As healthcare delivery continues to evolve, we continuously evaluate our assets, our operators and our markets to position our portfolio for long-term success. Our strategy includes applying data analytics to our investment underwriting and asset management, as well as selling or transitioning assets that do not meet our portfolio criteria.

We continue to believe that our operating results display the strength of our balance sheet and operating model against the backdrop of a dynamic operating environment. Initial feedback from our operators with respect to the implementation of the Patient Driven Payment Model ("PDPM") on October 1, 2019 has been positive. Their revenues since inception, as reported, have been neutral to slightly positive, and most operators have reported rehabilitation cost savings to them. We currently expect a modest, and much needed, improvement in facility level cash flows as a result of PDPM.

Although industry occupancy levels have declined in recent years, the occupancy levels of our facilities and our operator coverages remained stable overall for the twelve months ended September 30, 2019. In addition, our operators continue to experience increased labor costs which we believe is manageable. Texas, which represents 10% of our investments as of December 31, 2019, presents a difficult operating environment for SNF operators as a result of lower statewide occupancy levels, as compared to other states, and a Medicaid rate reimbursement that we believe is among the lowest in the United States. Several of our operators have experienced lower operating margins on their SNFs in Texas, as compared to other states, as a result of the foregoing and labor costs.

Additionally, in mid-November 2019, CMS proposed the Medicaid Fiscal Accountability Rule ("MFAR"), which would modify and refine the current federal portion of Medicaid funding for two programs commonly referred to as the upper payment limit ("UPL") and provider taxes. We have operators in two states, Indiana and Texas, that participate in UPL programs and operators in 36 states who receive provider tax reimbursements as of December 31, 2019. Based on our analysis of MFAR and discussions with our operators and other industry leaders, we believe MFAR as proposed would eliminate the incremental UPL funds and that most, if not all, states are or will be able to become compliant under the revised provider tax program. If finalized, MFAR would become effective two years after the rule is finalized for the Indiana program and three years after the rule is finalized for most of the other states. It is too early to estimate the ultimate potential impact of MFAR on our facilities in Indiana and Texas as we expect any reductions in revenues may be at least partially offset by expense reductions. In general, if implemented, MFAR could reduce reimbursement to our operators in those states affected by the rule, which could ultimately have a material adverse effect on the financial condition of those operators.

We currently believe that our operators can generally meet their obligations to us, except as discussed below. However, significant limits on the scope of services reimbursed and on reimbursement rates and fees could have a material adverse effect on an operator's results of operations and financial condition, which could adversely affect the operator's ability to meet its obligations to us.

2019 and Recent Highlights

Acquisition and Other Investments

In 2019, we completed the following transactions totaling approximately $1.7 billion in new investments:

- $661 million acquisition by merger of MedEquities. In connection with the MedEquities Merger, we issued approximately 7.5 million shares of Omega common stock and paid approximately $63.7 million of cash consideration to former MedEquities stockholders. We borrowed approximately $350 million under our existing senior unsecured revolving credit facility to fund the cash consideration and the repayment of MedEquities' previously outstanding debt. As a result of the MedEquities Merger, we acquired 33 facilities subject to operating leases, four mortgages, three other investments and an investment in an unconsolidated joint venture. We also acquired other assets and assumed debt and other liabilities.

- $757 million Encore portfolio acquisition. We completed the $757 million portfolio acquisition of 60 facilities (the "Encore Portfolio"). Consideration at closing consisted of approximately $369 million of cash and the assumption of approximately $389 million in mortgage loans guaranteed by the U.S. Department of Housing and Urban Development ("HUD"). Our investment primarily consisted of $735 million of real estate assets and escrows.

- $104 million investment in an unconsolidated joint venture in the U.K., inclusive of transaction costs. We purchased a 49% interest in the joint venture from Healthpeak Properties, Inc. The joint venture primarily owns 67 care homes in the U.K. and development and working capital loans.

- Acquisition of three SNFs for approximately $25 million from an unrelated third party. The facilities are located in North Carolina and Virginia, and were added to an existing operator's master lease with an initial cash yield of 9.5% with 2.0% annual rent escalators.

- $192 million of investments in our capital expenditure programs.

See "*Portfolio and Other Developments"* below for a description of 2019 acquisitions and other investments.

Financing Activities

$500 Million 3.625% Senior Notes due 2029

On September 20, 2019, we issued $500 million aggregate principal amount of our 3.625% Senior Notes due 2029 (the "2029 Notes"). The 2029 Notes were sold at an issue price of 98.542% of their face value before the underwriters' discount. Our net proceeds from the offering, after deducting underwriting discounts and expenses, were approximately $487.8 million. The net proceeds from the offering were used to repay outstanding borrowings under our credit facilities and for general corporate purposes. The 2029 Notes mature on October 1, 2029 and pay interest semi-annually.

Forward Equity Sales Agreement

In connection with a $300 million underwritten public offering, we entered into a forward equity sales agreement on September 9, 2019 to sell 7.5 million shares of our common stock at an initial net price of $40.01 per share, after underwriting discounts and commissions. On December 27, 2019, we settled the forward equity sale agreement by physical delivery of 7.5 million shares of common stock at $39.45 per share, net of dividends paid and interest received, for net proceeds of approximately $295.9 million.

Other Debt Assumption and Repayment

In connection with the MedEquities Merger on May 17, 2019, we assumed a $125.0 million term loan and outstanding borrowings of $160.1 million under MedEquities' previous revolving credit facility. We repaid the total outstanding balance on both the term loan and the revolving credit facility and terminated the related agreements on May 17, 2019.

HUD Mortgage Debt

On October 31, 2019, we assumed approximately $389 million in mortgage loans guaranteed by HUD. The HUD loans have remaining terms ranging from 27 to 32 years and an average remaining term of 31 years with fixed interest rates ranging from 2.82% to 3.24%. The HUD loans may be prepaid subject to an initial penalty of 10% of the remaining principal balances in the first year and the prepayment penalty decreases each subsequent year by 1% until no penalty is required.

All HUD loans are subject to the regulatory agreements that require escrow reserve funds to be deposited with the loan servicer for mortgage insurance premiums, property taxes, debt service and capital replacement expenditures. As of December 31, 2019, the Company has total escrow reserves of $25.0 million with the loan servicer that is reported within other assets on the Consolidated Balance Sheets.

Subordinated Debt

In connection with a 2010 acquisition, we assumed five separate $4.0 million subordinated notes bearing interest at 9% per annum that mature on December 21, 2021. Interest on these notes is due quarterly with the principal balance due at maturity. These subordinated notes may be prepaid at any time without penalty. To the extent that the operator of the facilities fails to pay rent owed to us under our existing master lease, we have the right to offset amounts owed to the lender. During the fourth quarter of 2019, we offset approximately $6.5 million of debt owed to the lender, which approximates three months of rent.

HUD Mortgage Disposition

On June 1, 2018, subsidiaries of an existing operator assumed approximately $53 million of our indebtedness guaranteed by HUD that secured 12 separate facilities located in Arkansas. In connection with our disposition of the mortgages, we wrote-off approximately $0.6 million of unamortized deferred costs that are recorded in Gain on assets sold – net on our Consolidated Statements of Operations. These fixed rate mortgages had a weighted average interest rate of approximately 3.06% per annum and matured in July 2044.

General

Certain of our other secured and unsecured borrowings are subject to customary affirmative and negative covenants, including financial covenants. As of December 31, 2019 and December 31, 2018, we were in compliance with all affirmative and negative covenants, including financial covenants, for our secured and unsecured borrowings. Omega OP, the guarantor of Parent's outstanding senior notes, does not directly own any substantive assets other than its interest in non-guarantor subsidiaries.

Portfolio and Other Developments

Encore Portfolio Acquisition

On October 31, 2019, we completed the approximate $757 million portfolio acquisition of 60 facilities (the "Encore Portfolio"). Consideration consisted of approximately $369 million of cash and the assumption of approximately $389 million in mortgage loans guaranteed by the HUD.

The following table highlights the fair value of the assets acquired and liabilities assumed on October 31, 2019:

	(in thousands)
Fair value of net assets acquired:	
Real estate investments	$ 735,182
Other investments	600
Contractual receivables	2,216
Cash	227
Other assets	28,173
Total investments	766,398
Secured borrowings	(388,627)
Accrued expenses and other liabilities	(8,978)
Fair value of net assets acquired	$ 368,793

MedEquities Merger

On May 17, 2019, Omega and Omega OP completed the MedEquities Realty Trust Inc. ("MedEquities") Merger. In accordance with the Merger Agreement, each share of MedEquities common stock issued and outstanding immediately prior thereto was converted into the right to receive (i) 0.235 of a share of Omega common stock plus the right to receive cash in lieu of any fractional shares of Omega common stock and (ii) an amount in cash equal to $2.00 (the "Cash Consideration"). In connection with the MedEquities Merger, we issued approximately 7.5 million shares of Omega common stock and paid approximately $63.7 million of cash consideration to former MedEquities stockholders. We borrowed approximately $350 million under our existing senior unsecured revolving credit facility to fund the cash consideration and the repayment of MedEquities' previously outstanding debt. As a result of the MedEquities Merger, we acquired 33 facilities subject to operating leases, four mortgages, three other investments and an investment in an unconsolidated joint venture. We also acquired other assets and assumed debt and other liabilities. Based on the closing price of our common stock on May 16, 2019, the fair value of the consideration exchanged approximated $346 million.

The following table highlights the preliminary fair value of the assets acquired and liabilities assumed on May 17, 2019:

		(in thousands)
Fair value of net assets acquired:		
Real estate investments (3)	$	421,600
Mortgage notes receivable (see Note 5)		108,097
Other investments		19,192
Investment in unconsolidated joint venture		73,834
Cash		4,067
Contractual receivables		1,461
Other assets (1) (3)		32,819
Total investments		661,070
Debt		(285,100)
Accrued expenses and other liabilities (2)(3)		(30,421)
Fair value of net assets acquired	$	345,549

(1) Includes approximately $26.8 million in above market lease assets.
(2) Includes approximately $7.5 million in below market lease liabilities.
(3) With the exception of real estate investments, above market lease assets and below market lease liabilities, the fair value estimates above are final.

The MedEquities facilities acquired in 2019 are included in our results of operations from the date of acquisition. For the period from May 17, 2019 through December 31, 2019, we recognized approximately $35.2 million of total revenue from the assets acquired in connection with the MedEquities Merger. For the year ended December 31, 2019, we incurred approximately $5.1 million of acquisition and merger related costs associated with the MedEquities Merger.

Investment in Consolidated Joint Venture

In February 2019, we entered into a joint venture to construct a 100,000 square foot medical office building in Lakeway, Texas with an estimated initial construction budget of approximately $36 million. The Company owns 90% of the venture with the remaining 10% owned by outside investors. During the first quarter of 2019, this consolidated joint venture acquired a parcel of land for approximately $3.6 million.

Investments in Unconsolidated Joint Ventures

The Company owns interests in the following entities that are accounted for under the equity method (dollars in thousands):

Entity [1]	Ownership %	Initial Investment Date	Initial Investment[2]	Facility Type	Facilities at 12/31/2019	Carrying Amount December 31, 2019	Carrying Amount December 31, 2018
Second Spring Healthcare Investments [3]	15%	11/1/2016	$ 50,032	SNF	37	$ 22,504	$ 31,045
Lakeway Realty, L.L.C. [4]	51%	5/17/2019	73,834	Specialty facility	1	73,273	—
Cindat Joint Venture [5]	49%	12/18/2019	103,810	ALF	67	103,976	—
OMG Senior Housing, LLC	50%	12/6/2019	—	ILF	1	—	—
OH CHS SNP, Inc.	9%	12/20/2019	153	N/A	N/A	131	—
			$ 227,829			$ 199,884	$ 31,045

(1) These entities and their subsidiaries are not consolidated by the Company because it does not control, through voting rights or other means, the joint venture.
(2) Our initial investment includes our transaction costs, if any.
(3) During 2019, this joint venture sold 14 SNFs subject to an operating lease for approximately $311.8 million in net cash proceeds and recognized a gain on sale of approximately $64.0 million. During 2018, this joint venture sold 13 SNFs subject to an operating lease for approximately $164.0 million in net cash proceeds and recognized a loss on sale of approximately $4.6 million. During 2018, this joint venture also recorded $4.2 million of impairment expense on these real estate properties.
(4) We acquired an interest in a joint venture that owns the Lakeway Regional Medical Center (the “Lakeway Hospital”) in Lakeway, Texas.
(5) We acquired a 49% interest in Cindat Ice Portfolio JV, GP Limited, Cindat Ice Portfolio Holdings, LP and Cindat Ice Portfolio Lender, LP. Cindat Ice Portfolio Holdings, LP owns 67 care homes leased to two operators in the U.K. pursuant to operating leases. Cindat Ice Portfolio Lender, LP holds loans to a third-party operator. Our investment in Cindat Joint Venture consists primarily of real estate. Our initial basis difference of approximately $35 million will be amortized on a straight-line basis over approximately 40 years to income (loss) from unconsolidated joint ventures in the Consolidated Statements of Operations

The following table reflects our income (loss) from unconsolidated joint ventures for the years ended December 31, 2019, 2018 and 2017:

Entity	Year Ended December 31, 2019	2018	2017
	(in thousands)		
Second Spring Healthcare Investments	$ 9,490	$ 381	$ 2,237
Lakeway Realty, L.L.C.	1,479	—	—
OMG Senior Housing, LLC	(22)	—	—
Total	$ 10,947	$ 381	$ 2,237

Lakeway Partnership

In connection with the MedEquities Merger on May 17, 2019, we acquired a 51% ownership interest in Lakeway Realty, L.L.C. (the "Lakeway Partnership"), a joint venture that owns the Lakeway Hospital. On the merger date, the Company's ownership interest in the Lakeway Partnership had a fair value of approximately $73.8 million. Our investment in the Lakeway Partnership consists primarily of real estate. We estimated the fair value of the underlying real estate considering the lessees' purchase option (Level 1) which is discussed in more detail below, third-party appraisals and discounted cash flows associated with the ground lease (Level 3). Our initial basis difference of approximately $69.9 million is being amortized on a straight-line basis over 40 years to income (loss) from unconsolidated joint ventures in the accompanying Consolidated Statements of Operations.

The Company also acquired a first mortgage lien issued to Lakeway Partnership in the original principal amount of approximately $73.0 million bearing interest at 8% per annum based on a 25-year amortization schedule and maturing on March 20, 2025. We have determined the acquisition date fair value of the acquired mortgage is $69.1 million.

The Lakeway Hospital is leased pursuant to a triple-net lease to Scott & White Hospital – Round Rock (the "Baylor Lessee"), with Baylor University Medical Center ("BUMC") as guarantor. These entities are part of the Baylor Scott & White Health system. The lease provides that, commencing after completion of the third year of the lease (effective September 1, 2019) and subject to certain conditions, the Baylor Lessee has the option to purchase the Lakeway Hospital at a price equal to the aggregate base rent payable under the lease for the 12-month period following the date of the written notice from the Baylor Lessee to exercise the purchase option divided by (i) 6.5% if written notice is provided after completion of the third lease year and before completion of the tenth lease year or (ii) 7.0% if written notice is provided any time thereafter. In addition, the Baylor Lessee has a right of first refusal and a right of first offer in the event that the joint venture intends to sell or otherwise transfer Lakeway Hospital.

Asset Management Fees

We receive asset management fees from certain joint ventures for services provided. For the years ended December 31, 2019, 2018 and 2017, we recognized approximately $0.9 million, $1.8 million and $2.0 million, respectively, of asset management fees. These fees are included in miscellaneous income in the accompanying Consolidated Statements of Operations.

2019 Acquisitions and Other

Period	Number of Facilities SNF	ALF	Specialty	MOB	Country/ State	Total Investment	Land	Building & Site Improvements	Furniture & Equipment	Initial Annual Cash Yield[(1)]
						(in millions)				
Q1	1	—	—	—	OH	$ 11.9 [(3)]	$ 1.1	$ 10.1	$ 0.7	12.00 %
Q2	20	1	11	1	CA, CT, IN, NV, SC, TN, TX	421.6 [(2)]	40.1	368.9	12.6	10.27 %
Q2	7	1	3	—	PA, VA	131.8 [(3)]	9.9	112.7	9.2	9.35 %
Q3	3	—	—	—	NC, VA	24.9	4.2	18.6	2.1	9.50 %
Q4	58	2	—	—	FL, ID, KY, LA, MS, MO, MT, NC	735.2	61.5	619.4	54.3	8.71 %
Total	89	4	14	1		$ 1,325.4	$ 116.8	$ 1,129.7	$ 78.9	

(1) Initial annual cash yield reflects the initial annual cash rent divided by the purchase price.
(2) The acquisition was accounted for as a business combination. The Company estimated the fair value of the real estate investments acquired on the acquisition date based on certain valuation analyses that have yet to be finalized, and accordingly, the real estate investments acquired, as detailed, are subject to adjustment once the analysis is completed which will be completed within the allowable measurement period. The other acquisitions were accounted for as asset acquisitions.
(3) Acquired via a deed-in-lieu of foreclosure.

During 2019, we acquired one parcel of land (not reflected in the table above) for approximately $10.7 million with the intent of building a new facility for an existing operator.

2018 Acquisitions and Other

Period	Number of Facilities SNF	ALF/ILF	Country/ State	Total Investment [(4)]	Land	Building & Site Improvements	Furniture & Equipment	Initial Annual Cash Yield [(3)]
				(in millions)				
Q1	—	1	UK	$ 4.0 [(1)]	$ 0.9	$ 2.9	$ 0.2	8.50 %
Q1	—	1	UK	5.7 [(2)]	1.4	4.1	0.2	8.50 %
Q1	1	—	PA	7.4	1.6	5.4	0.4	9.50 %
Q1	1	—	VA	13.2	2.4	10.5	0.3	9.50 %
Q2	5	—	TX	22.8	0.5	20.4	1.9	9.50 %
Q4	3	1	PA	35.1	4.1	29.2	1.8	9.50 %
Q4	1	—	IN	8.3	1.7	6.0	0.6	9.50 %
Q4	1	—	OH	9.2	0.8	7.9	0.5	9.50 %
Total	12	3		$ 105.7	$ 13.4	$ 86.4	$ 5.9	

(1) We recorded a non-cash deferred tax liability of approximately $0.4 million in connection with this acquisition
(2) We recorded a non-cash deferred tax liability of approximately $0.2 million in connection with this acquisition.
(3) Initial annual cash yield reflects the initial annual cash rent divided by the purchase price.
(4) All of these acquisitions were accounted for as asset acquisitions.

During 2018, we acquired two parcels of land (not reflected in the table above) for approximately $3.5 million with the intent of building new facilities for our existing operators.

During 2018, we transitioned 21 SNFs and one ALF subject to direct financing leases (not reflected in the table above) with a net carrying value of approximately $184.5 million from an existing operator to five other existing operators subject to single or master operating leases with an initial annual cash yield of approximately 9%. We recorded approximately $184.5 million of real estate investments consisting of land ($11.2 million), building and site improvements ($159.1 million) and furniture and fixtures ($14.2 million) in partial satisfaction of the direct financing leases. In connection with these transitions, we provided the new operators with working capital loans with a maximum borrowing capacity of $45.7 million, commitments to fund capital improvements up to $10.6 million and indemnities with a maximum funding of $7.4 million. Claims against these indemnities must occur within 18 months to 36 months of the transition date. These indemnities were provided to the new operators upon transition and would be utilized in the event that the prior operator does not perform under their transition agreements. As of December 31, 2019, we have not and we do not expect to fund a material amount under these indemnity agreements.

2017 Acquisitions and Other

	Number of Facilities			Total Investment [(4)]	Land	Building & Site Improvements	Furniture & Equipment	Initial Annual Cash Yield [(2)]
Period	**SNF**	**ALF/ILF**	**State**	(in millions)				
Q1	—	1	VA	$ 7.6	$ 0.5	$ 6.8	$ 0.3	7.50 %
Q2	1	—	NC	8.6	0.7	7.3	0.6	9.50 %
Q2	—	18	UK	124.2 [(1)]	34.1	85.1	5.0	8.50 %
Q3	—	1	TX	2.3	0.7	1.5	0.1	9.25 %
Q3	15	—	IN	211.0	18.0	180.2	12.8	9.50 %
Q3	9	—	TX	19.0 [(3)]	1.7	15.5	1.8	18.60 %
Q4	6	—	TX	40.0	1.0	35.1	3.9	9.25 %
Total	31	20		$ 412.7	$ 56.7	$ 331.5	$ 24.5	

(1) We recorded a non-cash deferred tax liability and acquisition costs of approximately $8.2 million and $1.2 million, respectively, in connection with this acquisition.
(2) Initial annual cash yield reflects the initial annual cash rent divided by the purchase price.
(3) In July 2017, we transitioned nine SNFs formerly subject to a direct financing lease to another operator. As a result of terminating the direct financing lease, we wrote down the facilities to our original cost basis and recorded an impairment on the direct financing lease of approximately $1.8 million.
(4) All of these acquisitions were accounted for as asset acquisitions.

During 2017, we acquired three parcels of land (not reflected in the table above) for approximately $6.7 million with the intent of building new facilities for existing operators.

Asset Sales, Impairments, Accounts Receivable and Other

Asset Sales

During the fourth quarter of 2019, we sold 11 facilities (three previously held for sale at September 30, 2019) for approximately $33.3 million in net cash proceeds recognizing a gain on sale of approximately $2.9 million.

In 2019, we sold 34 facilities (one was previously held for sale at December 31, 2018) for approximately $219.3 million in net cash proceeds recognizing a net gain of approximately $55.7 million.

In 2018, we sold 78 facilities (22 previously held for sale at December 31, 2017) subject to operating leases for approximately $309.6 million in net proceeds recognizing a gain on sale of approximately $24.8 million.

Of the 78 facilities sold during 2018, we sold 12 SNFs on June 1, 2018 secured by HUD mortgages to subsidiaries of an existing operator. The Company sold the 12 SNF facilities with carrying values of approximately $62 million for approximately $78 million which consisted of $25 million of cash consideration and their assumption of approximately $53 million of our HUD mortgages. Simultaneously, subsidiaries of the operator assumed our HUD restricted cash accounts, deposits and escrows. The Company recorded a gain on sale of approximately $11 million after approximately $5 million of closing and other transaction related costs. In connection with this sale, we provided a principal of an existing operator an unsecured loan of approximately $39.7 million.

In 2017, we sold 52 facilities (14 previously held for sale at December 31, 2016) subject to operating leases for approximately $257.8 million in net proceeds recognizing a gain on sale of approximately $53.9 million.

Of the 52 facilities sold in 2017, the sale of ten of these facilities did not initially qualify for sale accounting under the full accrual method. The ten SNFs with a carrying value of approximately $23.2 million were sold to a third-party for approximately $43.3 million, resulting in a total gain of approximately $17.5 million after $2.6 million of closing costs. In connection with this sale, we provided the buyer a $10.0 million loan. We recognized a net gain of approximately $7.5 million in 2017 and deferred $10.0 million of gain related to this sale. Upon our adoption of Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09") on January 1, 2018, we recognized $10.0 million of deferred gain related to this sale through opening equity on January 1, 2018.

As of December 31, 2019, six facilities, totaling approximately $4.9 million are classified as assets held for sale. We expect to sell these facilities over the next twelve months.

Impairments

During the fourth quarter of 2019, we recorded impairments on real estate properties of approximately $35.7 million on 17 facilities (five were subsequently reclassified to held for sale).

For the year ended December 31, 2019, we recorded impairments on real estate properties of approximately $45.3 million on 23 facilities. After considering the impairments recorded and facilities sold during the year, the total net recorded investment in these properties was approximately $23.4 million as of December 31, 2019, with approximately $4.6 million related to properties classified as held for sale. Our impairments were offset by approximately $3.7 million of insurance proceeds received related to two facilities that were previously destroyed.

For the year ended December 31, 2018, we recorded impairments on real estate properties of approximately $35.0 million on 35 facilities. Our impairments were offset by $5.2 million of insurance proceeds received related to a facility destroyed in November 2017. After considering the impairments recorded and facilities sold during the year, the total net recorded investment in these properties was approximately $14.8 million as of December 31, 2018, with approximately $1.0 million related to properties classified as held for sale.

For the year ended December 31, 2017, we recorded impairments on real estate properties of approximately $99.1 million on 37 facilities including approximately $2.6 million of capitalized costs associated with the termination of construction projects with two of our operators. After considering the impairments recorded and facilities sold during the year, the total net recorded investment in these properties was approximately $125.1 million as of December 31, 2017.

Our 2019, 2018 and 2017 recorded impairments were primarily the result of decisions to exit certain non-strategic facilities and/or operators. We reduced the net book value of the impaired facilities to their estimated fair values or, with respect to the facilities reclassified to assets held for sale, to their estimated fair values less costs to sell. To estimate the fair value of the facilities, we utilized a market approach which considered binding sale agreements (a Level 1 input) and/or non-binding offers from unrelated third parties and/or broker quotes (a Level 3 inputs).

Contractual Receivables and Other Receivables and Lease Inducements

As of December 31, 2019, we have approximately $27.1 million of contractual receivables outstanding . Of the $27.1 million of contractual receivables outstanding, approximately $18.1 million relates to Agemo Holdings LLC ("Agemo" an entity formed in May 2018 to silo our leases and loans formerly held by Signature Healthcare). In addition to the contractual receivables, we have approximately $53.1 million of straight-line rent receivables and/or lease inducements associated with Agemo as of December 31, 2019. In May 2018, we reached an out-of-court restructuring agreement with Agemo that provided for the deferral of rent, the extension of the maturity of our lease and loans, and a working capital loan. If Agemo's operations deteriorate any further and they are unable to meet their contractual obligations to us, we may be required to account for rental income from them on a cash basis and reserve approximately $71.2 million of contractual receivables, straight-line rent receivables and lease inducements. For the years ended December 31, 2019, 2018 and 2017, we recorded rental income approximately $60.6 million, $59.3 million and $62.3 million, respectively, and other investment income of $4.5 million, $3.5 million and $4.9 million, respectively, from Agemo.

For the years ended December 31, 2019, 2018 and 2017, we received cash rental income and other investment income from Agemo of approximately $53.7 million, $56.8 million and $39.8 million, respectively.

In addition, we have accounted for Daybreak Venture LLC ("Daybreak") on a cash basis since 2017. See "Daybreak" below. We have written-off our contractual rents receivable, straight-line rents receivable and lease inducements, and therefore, we have no net receivables or inducements related to Daybreak as of December 31, 2019. For the years ended December 31, 2019, 2018 and 2017, we recorded rental income of $13.2 million, $23.8 million, and $20.3 million, respectively from Daybreak. During the fourth quarter of 2019, we received $500,000 in cash rent from Daybreak.

Orianna

In addition to our direct financing leases with Orianna described below, we previously leased three facilities to Orianna under a master lease which was to expire in 2026. The remaining three facility lease was accounted for as an operating lease. Our recorded investment in the three facilities subject to this operating lease was $30.5 million as of December 31, 2018. On October 31, 2018, Orianna rejected the operating lease and as a result we transitioned these three facilities to an existing operator during the first quarter of 2019.

In 2017, we sold eight facilities subject to direct financing leases with Orianna in the Northwest region and the Southeast region of the U.S. with a carrying value of approximately $36.4 million for approximately $33.3 million to unrelated third parties. These facilities were subject to direct financing leases with Orianna in the Northwest region and the Southeast region. We recorded approximately $3.3 million of impairment related to these sales. In addition, we transitioned nine SNFs, representing all of the facilities subject to another direct financing lease with Orianna in the Texas region, to an existing operator of ours pursuant to an operating lease. In connection with this transaction, we recorded the real estate properties at our original cost basis of approximately $19.0 million, eliminated our investment in the Texas region direct financing lease and recorded an impairment of approximately $1.8 million. In conjunction with this transaction, we also amended our Orianna Southeast region master lease to reduce the outstanding balance by $19.3 million. As a result of the lease amendment in 2017, we recorded an impairment on our investment in direct financing lease of approximately $20.8 million in 2017.

In the third quarter of 2017, we recorded an allowance for loss on direct financing leases of $172.2 million with Orianna covering 38 facilities in the Southeast region of the U.S. The amount of the allowance was determined based on the fair value of the facilities subject to the direct financing lease. To estimate the fair value of the underlying collateral, we utilized an income approach and Level 3 inputs. Our estimate of fair value assumed annual rents ranging between $32.0 million and $38.0 million, rental yields between 9% and 10%, current and projected operating performance of the facilities, coverage ratios and bed values.

In March 2018, Orianna commenced voluntary Chapter 11 proceedings in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "Bankruptcy Court"). As described in Orianna's filings with the Bankruptcy Court, we entered into a Restructuring Support Agreement ("RSA") that was expected to form the basis for Orianna's restructuring. The RSA provided for the recommencement, in April 2018, of partial rent payments at $1.0 million per month and established a specific timeline for the implementation of Orianna's planned restructuring. The RSA provided for the transition of 23 facilities to new operators and the potential sale of the remaining 19 facilities subject to the plan of reorganization (the "Plan"), if approved by the Bankruptcy Court.

To provide liquidity to Orianna during their Chapter 11 proceedings, we entered into a senior secured superpriority debtor-in-possession ("DIP") credit agreement with Orianna for a revolving credit and term loan DIP financing of up to $30 million, which DIP financing was approved by the Bankruptcy Court on an interim basis on March 9, 2018 and on a final basis on May 14, 2018.

On July 23, 2018, we notified Orianna that it was in default under the DIP credit agreement. On July 25, 2018, we terminated the RSA with its tenant, 4 West Holdings, and the sponsor of Orianna's Plan.

During the third quarter of 2018, we transitioned 22 facilities with a net carrying value of approximately $184.5 million from Orianna to five other existing operators with annual contractual rent of approximately $16.8 million. In addition, during the second half of 2018, we sold Orianna's headquarters and one SNF with a carrying value of approximately $5.5 million to unrelated third-parties for approximately $5.5 million.

During the fourth quarter of 2018, the Bankruptcy Court ruled that Orianna's Plan, if confirmed, would allow Orianna to use the value of Orianna's remaining facilities to pay the administrative costs of Orianna's Chapter 11 cases and to pay certain other creditor claims, with the net amount of such value being paid to us. As a result, we recorded $27.2 million in additional allowance for loss to reduce the remaining investment in the direct financing lease covering the remaining 15 facilities located in the Southeast region of the U.S. As of December 31, 2018, our net investment in the Orianna direct financing lease was approximately $120.5 million, net of an allowance of $103.2 million.

On January 11, 2019, pursuant to a Bankruptcy Court order, affiliates of Orianna purchased the remaining 15 SNFs subject to the direct financing lease with Orianna for $176 million of consideration, comprised of $146 million in cash received by Orianna and a $30.0 million seller note held by the Company. The $30.0 million note bears interest at 6% per annum and matures on January 11, 2026. Interest on the unpaid principal balance is due quarterly in arrears. Commencing on January 11, 2022, quarterly principal payments are due based on a 15-year amortization schedule on the then outstanding principal balance of the loan. On the same date, Orianna repaid the DIP financing, including all related interest.

On January 16, 2019, the Bankruptcy Court confirmed Orianna's Plan, creating a Distribution Trust (the "Trust") to distribute the proceeds from Orianna's sale of the remaining 15 SNFs, as well as the Trust's collections of Orianna's accounts receivable portfolio. In January 2019, we reclassified our net investment in direct financing lease of $115.8 million from the Trust to other assets on our Consolidated Balance Sheet. For the period from January 16, 2019 through December 31, 2019, we received approximately $94 million from the Trust as a partial liquidation.

In March 2019, we received updated information from the Trust indicating diminished collectability of the accounts receivable owed to us. As a result, we recorded an additional $7.7 million allowance. As of December 31, 2019, our remaining receivable from the Trust is approximately $14 million. As of December 31, 2019, the Trust was comprised of approximately $14 million of cash.

Daybreak

During the third quarter of 2017, we placed Daybreak on a cash basis for revenue recognition as a result of nonpayment of funds owed to us. During the fourth quarter of 2017, we executed a Settlement and Forbearance Agreement with Daybreak which permitted Daybreak to defer payments up to 23% of their contractual rent for the remainder of 2017, subject to certain conditions. During the fourth quarter of 2018, Daybreak fell behind on rent by approximately two months and, accordingly, was no longer in compliance with the 2017 Settlement and Forbearance Agreement as a result of not paying the full contractual amounts due.

On January 30, 2019, we entered into a Second Amendment to the Settlement and Forbearance Agreement under which we agreed to defer approximately $4.2 million of rent in the fourth quarter of 2018 and approximately $2.5 million (or approximately one month's rent) in each of the first two quarters of 2019. Except for $1.1 million in required real estate tax escrows, Daybreak met their contractual payment obligations through the second quarter of 2019; however, during the second half of 2019, Daybreak did not meet their full contractual payment obligations to us as we received approximately $1.3 million of cash rent.

During the second half of 2019, Daybreak continued to face liquidity challenges and their operational performance continued to deteriorate as a result of lower occupancy, a decline in quality-mix, ongoing labor pressure and significant legacy operating costs.

During the fourth quarter of 2019, we recorded impairments of approximately $28.3 million on 11 Daybreak facilities that we expect to sell in 2020 and we sold one facility for approximately $1.0 million. Additionally, we transitioned two Daybreak facilities to an existing operator and three additional facilities transitioned from Daybreak to the same operator in the first quarter of 2020. The total annual contractual rent from these transferred facilities is approximately $3.0 million. Over the next several quarters, we intend to selectively downsize Daybreak's portfolio through releasing or sales. Accordingly, we are in ongoing discussions with several other Texas-based operators about leasing several of the facilities. Any such transitions, will of course, be subject to third-party operator due diligence, regulatory approvals, legal documentation and the cooperation of Daybreak.

While the ultimate outcome and timing of this process is difficult to ascertain, we expect to derive rent or rent equivalents of between $15 million to $20 million annually from our Daybreak portfolio following the restructuring. However, our ability to implement such restructuring and secure the approvals necessary to do so, the timing and impact on Daybreak's liquidity from each of the expected benefits discussed above should the portfolio restructuring occur, and the ultimate rental income following any potential transition of select Daybreak facilities to other operators, may be less favorable than expected, and there can be no assurance that such benefits or transition will occur. Should they not occur, we could be required to impair our remaining assets currently leased to Daybreak.

Other

We continue to closely monitor the performance of all of our operators, as well as industry trends and developments generally.

As of December 31, 2019, 2018 and 2017, we did not have any material properties or operators with facilities that are not materially occupied.

Results of Operations

The following is our discussion of the consolidated results of operations, financial position and liquidity and capital resources, which should be read in conjunction with our audited consolidated financial statements and accompanying notes.

Year Ended December 31, 2019 compared to Year Ended December 31, 2018

Operating Revenues

Our operating revenues for the year ended December 31, 2019 totaled $928.8 million, an increase of $47.1 million over the same period in 2018. Following is a description of certain of the changes in operating revenues for the year ended December 31, 2019 compared to 2018:

- Rental income was $804.1 million, an increase of $36.7 million over the same period in 2018. The increase was primarily the result of (i) $27.9 million from the MedEquities Merger, (ii) $26.8 million from the Encore portfolio acquisition and other facility acquisitions, (iii) $7.0 million from facilities placed in service, (iv) $15.6 million from facility transitions and lease amendments in 2018 and 2019 and (v) $12.9 million of property tax revenue resulting from the adoption of Accounting Standards Codification ("ASC"), Topic 842 – *Leases* ("Topic 842") on January 1, 2019, offset by (i) approximately $24.0 million resulting from facility sales and certain operators on a cash basis and (ii) the write-off of approximately $11.1 million of straight-line rents receivable and contractual rents receivable from those operators placed on a cash basis during 2019.

- Direct financing lease income was $1.0 million, a decrease of $0.6 million over the same period in 2018. The decrease was primarily related to a facility sale in the second quarter of 2018.

- Mortgage interest income totaled $76.5 million, an increase of $6.2 million over the same period in 2018. The increase was primarily due to the MedEquities Merger, new loans or notes and additional funding to existing operators made throughout 2018 and 2019.

- Other investment income totaled $43.4 million, an increase of $3.2 million over the same period in 2018. The increase was primarily related to an increase in other investments outstanding for the year, primarily related to the MedEquities Merger.

Operating Expenses

Operating expenses for the year ended December 31 2019, totaled $432.8 million, an increase of approximately $23.9 million over the same period in 2018. Following is a description of certain of the changes in our operating expenses for the year ended December 31, 2019 compared to 2018:

- Our depreciation and amortization expense was $301.7 million for the year ended December 31, 2019, compared to $281.3 million for the same period in 2018. The increase was primarily resulting from the MedEquities Merger and Encore portfolio acquisition, other facility acquisitions, capital additions and assets placed in-service offset by a reduction in depreciation expense related to facility sales.

- Our general and administrative expense was $57.9 million, compared to $63.5 million for the same period in 2018. The decrease primarily related to the reduction of professional service costs and stock based compensation expense.

- Our real estate taxes increased $14.9 million compared to the same period in 2018. The increase primarily related to the adoption of Topic 842 on January 1, 2019.

- Our $4.7 million increase in acquisition and merger related costs primarily resulted from the MedEquities Merger.

- Our impairment on real estate properties was $45.3 million, compared to $29.8 million for the same period in 2018. The 2019 impairments primarily related to 23 facilities to reduce their net book value to their estimated fair value less costs to sell or fair value. The 2018 impairments primarily related to 35 facilities to reduce their net book value to their estimated fair value less costs to sell or fair value. The 2019 and 2018 impairments were primarily the result of decisions to exit certain non-strategic facilities and/or operators.

- Our impairment on direct financing leases was approximately $7.9 million, compared to $27.2 million for the same period in 2018. The impairment on direct financing leases in both 2018 and 2019 related to the Orianna bankruptcy and, in 2019, primarily related to lower than expected accounts receivable collections by the bankruptcy trustee.

- Our $6.7 million decrease in provision for uncollectible accounts was primarily the result of adopting Topic 842 on January 1, 2019. In 2019, our write-off of contractual rent and straight-line rent receivables are recorded in rental income.

Gain on Assets Sold

For the year ended December 31, 2019, we recorded approximately $55.7 million of net gain on assets sold, as compared to $24.8 million for the same period in 2018. During 2019 and 2018, we sold 34 facilities and 78 facilities, respectively, as we continue to exit certain facilities, operator relationships and/or states to improve the strength of our overall portfolio.

Other Income (Expense)

For the year ended December 31, 2019, total other expenses were $207.9 million, an increase of approximately $6.8 million over the same period in 2018. The increase was primarily due to a $6.7 million increase in interest expense related to the following: (i) interest on the HUD debt that we assumed in the Encore Portfolio acquisition, (ii) interest on the $500 million 3.625% Senior Notes issued in the third quarter of 2019 and (iii) higher average credit facility borrowings.

2019 Taxes

Because we qualify as a REIT, we generally are not subject to federal income taxes on the REIT taxable income that we distribute to stockholders, subject to certain exceptions. For tax year 2019, we made common dividend payments of $564.1 million to satisfy REIT requirements relating to qualifying income. Subject to the limitation under the REIT asset test rules, we are permitted to own up to 100% of the stock of one or more taxable REIT subsidiaries ("TRSs"). We have elected for five of our active subsidiaries to be treated as TRSs. Three of our TRSs are domestic and are subject to federal, state and local income taxes at the applicable corporate rates and the other two are subject to foreign income taxes. As of December 31, 2019, one of our TRSs that is subject to federal, state and local income taxes at the applicable corporate rates had a net operating loss carry-forward of approximately $5.7 million. The loss carry-forward is fully reserved as of December 31, 2019 with a valuation allowance due to uncertainties regarding realization. In connection with the MedEquities Merger on May 17, 2019, we acquired MedEquities Realty TRS, LLC. MedEquities Realty TRS, LLC has no assets, liabilities, revenues, or expenses and, accordingly, we have no tax accrual or net operating loss carryforward associated with this entity as of December 31, 2019.

Under current law, our net operating loss carryforwards generated up through December 31, 2017 may be carried forward for no more than 20 years, and our net operating loss carryforward generated in our taxable years ended December 31, 2019 and December 31, 2018 may be carried forward indefinitely.

For the year ended December 31, 2019, we recorded approximately $0.9 million of federal, state and local income tax provision and approximately $2.0 million of tax provision for foreign income taxes. The above amounts include any income or franchise taxes payable to certain states and municipalities.

National Association of Real Estate Investment Trusts Funds From Operations

Our funds from operations ("Nareit FFO"), a non-GAAP financial measure as further described below, for the year ended December 31, 2019 was $640.0 million compared to $587.2 million for the same period in 2018.

We calculate and report Nareit FFO in accordance with the definition of Funds from Operations and interpretive guidelines issued by the National Association of Real Estate Investment Trusts ("Nareit"), and, consequently, Nareit 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 impairment 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 are calculated to reflect funds from operations on the same basis. We believe that Nareit FFO is an important supplemental measure of our 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. Nareit FFO was designed by the real estate industry to address this issue. Nareit FFO herein is not necessarily comparable to Nareit FFO of other REITs that do not use the same definition or implementation guidelines or interpret the standards differently from us.

We use Nareit FFO as one of several criteria to measure the operating performance of our business. We further believe that by excluding the effect of depreciation, amortization, impairment 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, Nareit FFO can facilitate comparisons of operating performance between periods and between other REITs. We offer this measure to assist the users of our financial statements in evaluating our financial performance under GAAP, and Nareit FFO should not be considered a measure of liquidity, an alternative to net income or an indicator of any other performance measure determined in accordance with GAAP. Investors and potential investors in our securities should not rely on this measure as a substitute for any GAAP measure, including net income.

The following table presents our Nareit FFO results for the year ended December 31, 2019 and 2018:

	Year Ended December 31,	
	2019	2018
	(in thousands)	
Net income	$ 351,947	$ 293,884
Deduct gain from real estate dispositions	(55,696)	(24,774)
(Deduct gain) add back loss from real estate dispositions - unconsolidated joint ventures	(9,345)	670
	286,906	269,780
Elimination of non-cash items included in net income:		
Depreciation and amortization	301,683	281,279
Depreciation – unconsolidated joint ventures	6,513	5,876
Add back impairments on real estate properties	45,264	29,839
Add back impairments on real estate properties - unconsolidated joint ventures	—	608
Deduct unrealized gain on warrants	(410)	(160)
Nareit FFO [(a)]	$ 639,956	$ 587,222

(a) Includes amounts allocated to Omega stockholders and Omega OP Unit holders.

Year Ended December 31, 2018 compared to Year Ended December 31, 2017

Operating Revenues

Our operating revenues for the year ended December 31, 2018, were $881.7 million, a decrease of $26.7 million over the same period in 2017. Following is a description of certain of the changes in operating revenues for the year ended December 31, 2018 compared to 2017:

- Rental income was $767.3 million, a decrease of $7.8 million over the same period in 2017. The decrease was primarily the loss of rental income from facility sales and placing operators on a cash basis in 2017 and 2018 as a result of non-payment of rent and/or concerns over the collectability of rents. The decreases were offset by facility transitions and acquisitions in the U.S. and lease amendments made throughout 2017 and 2018.

- Direct financing lease income was $1.6 million, a decrease of $30.7 million over the same period in 2017. The decrease was primarily related to placing Orianna on a cash basis effective July 1, 2017 due to Orianna's non-payment of rent and the sale of a direct financing lease facility.

- Mortgage interest income totaled $70.3 million, an increase of $4.1 million over the same period in 2017. The increase was primarily due to incremental interest income from additional mortgage funding to our operators, offset by mortgage payoffs.

- Other investment income totaled $40.2 million, an increase of $11.0 million over the same period in 2017. The increase was primarily related to the issuance of new notes and additional funding to existing operators.

Operating Expenses

Operating expenses for the year ended December 31, 2018 were $408.9 million, a decrease of approximately $238.3 million over the same period in 2017. Following is a description of certain of the changes in our operating expenses for the year ended December 31, 2018 compared to 2017:

- Our depreciation and amortization expense was $281.3 million for the year ended December 31, 2018, compared to $287.6 million for the same period in 2017. The decrease of $6.3 million was primarily due to the timing of dispositions, impairments and normal decreases due to short lived assets becoming fully depreciated, offset by acquisitions and the placement of assets in service during 2017 and 2018.

- Our general and administrative expense was $63.5 million, compared to $47.7 million for the same period in 2017. The increase is primarily related to professional service costs and stock based compensation expense.

- Our impairment on real estate properties was $29.8 million, compared to $99.1 million for the same period in 2017. The 2018 impairments primarily related to 35 facilities to reduce their net book value to their estimated fair value less costs to sell or fair value. The 2017 impairments primarily related to 37 facilities to reduce their net book value to their estimated fair value less costs to sell or fair value. The 2018 and 2017 impairments were primarily the result of decisions to exit certain non-strategic facilities and/or operators.

- Our impairment on direct financing leases was approximately $27.2 million, compared to $198.2 million for the same period in 2017. In 2017, we recorded $198.2 million of impairment loss on direct financing leases primarily resulting from (a) terminating Orianna's Texas region lease, (b) selling Orianna's Northwest region facilities and (c) the impairment of Orianna's Southeast region lease. In 2018, we recorded an additional $27.2 million impairment loss on the remaining 15 facilities in Orianna's Southeast region lease.

- Our provision for uncollectible accounts was $6.7 million, compared to $14.6 million for the same period in 2017. The 2018 provision was primarily related to $11.5 million of reserves for straight line accounts receivable and contractual receivables resulting from facility transitions and placing an operator on a cash basis due to their non-payment of rent. Our provision was offset by a recovery of approximately $4.8 million from Orianna based on cash received pursuant to the RSA. The 2017 provision was primarily related to a $9.5 million reserve of contractual and straight line accounts receivable for Orianna and approximately $5.1 million related to other facilities that we have transitioned or sold.

Gain on Assets Sold

For the year ended December 31, 2018, we recorded approximately $24.8 million of net gain on assets sold, as compared to $53.9 million for the same period in 2017. During 2018 and 2017, we sold 78 facilities and 52 facilities, respectively, as we continue to exit certain facilities, operator relationships and/or states to improve the strength of our overall portfolio.

Other Income (Expense)

For the year ended December 31, 2018, total other expenses were $201.1 million, a decrease of approximately $8.2 million over the same period in 2017. The $8.2 million decrease was primarily the result of a $22.0 million decrease in interest refinancing costs related to early extinguishment costs incurred in 2017 to redeem the $400 million 5.875% Senior Notes due 2024 and the write-off of deferred costs related to the 2014 credit facility, offset by a $10.4 million contractual settlement with an unrelated third party related to a contingent liability obligation that originated in 2012 that was resolved in the first quarter of 2017 and a $3.7 million increase in interest expense related to higher debt balances outstanding to fund new investments and higher blended borrowing costs in 2018.

2018 Taxes

Because we qualify as a REIT, we generally are not subject to federal income taxes on the REIT taxable income that we distribute to stockholders, subject to certain exceptions. For tax year 2018, we made common dividend payments of $528.7 million to satisfy REIT requirements relating to qualifying income. Subject to the limitation under the REIT asset test rules, we are permitted to own up to 100% of the stock of one or more taxable REIT subsidiaries (“TRSs”). We have elected for two of our subsidiaries to be treated as TRSs. One of our TRSs is subject to federal, state and local income taxes at the applicable corporate rates and the other is subject to foreign income taxes. As of December 31, 2018, one of our TRSs had a net operating loss carry-forward of approximately $5.8 million. The loss carry-forward is fully reserved as of December 31, 2018 with a valuation allowance due to uncertainties regarding realization.

For the year ended December 31, 2018, we recorded approximately $0.8 million of state and local income tax provision and approximately $2.2 million of tax provision for foreign income taxes.

National Association of Real Estate Investment Trusts Funds From Operations

Our Nareit FFO, for the year ended December 31, 2018, was $587.2 million, compared to $444.3 million for the same period in 2017.

The following table presents our Nareit FFO results for the years ended December 31, 2018 and 2017:

	Year Ended December 31, 2018	Year Ended December 31, 2017
	(in thousands)	
Net income	$ 293,884	$ 104,910
Deduct gain from real estate dispositions	(24,774)	(53,912)
Add back loss from real estate dispositions - unconsolidated joint venture	670	—
	269,780	50,998
Elimination of non-cash items included in net income:		
Depreciation and amortization	281,279	287,591
Depreciation – unconsolidated joint venture	5,876	6,630
Add back impairments on real estate properties	29,839	99,070
Add back impairments on real estate properties of unconsolidated joint venture	608	—
Deduct unrealized gain on warrants	(160)	—
Nareit FFO (a)	$ 587,222	$ 444,289

(a) Includes amounts allocated to Omega stockholders and Omega OP Unit holders.

Liquidity and Capital Resources

At December 31, 2019, we had total assets of $9.8 billion, total equity of $4.3 billion and debt of $5.2 billion, with such debt representing approximately 54.5% of total capitalization.

The following table shows the amounts due in connection with the contractual obligations described below as of December 31, 2019:

	Payments due by period				
	Total	Less than 1 year	Years 2-3	Years 4-5	More than 5 years
			(in thousands)		
Debt(1)	$ 5,185,701	$ 7,465	$ 963,915	$ 1,116,586	$ 3,097,735
Interest payments on long-term debt	1,433,905	218,508	420,942	332,291	462,164
Operating lease and other obligations (2)	43,628	1,847	3,800	3,979	34,002
Total	$ 6,663,234	$ 227,820	$ 1,388,657	$ 1,452,856	$ 3,593,901

(1) The $5.2 billion of debt outstanding includes: (i) $125 million in borrowings under the Revolving Credit Facility due in May 2021, (ii) $132 million under the British Pound Sterling term loan facility due May 2022, (iii) $75 million under the Omega OP Term Loan Facility due May 2022, (iv) $250 million under the 2015 Term Loan Facility due December 2022, (v) $350 million under the U.S. Term Loan Facility due May 2022, (vi) $400 million of 4.50% Senior Notes due January 2025, (vii) $400 million of 4.95% Senior Notes due April 2024, (viii) $550 million of 4.75% Senior Notes due January 2028, (ix) $600 million of 5.25% Senior Notes due January 2026, (x) $700 million of 4.375% Senior Notes due August 2023, (xi) $700 million of 4.5% Senior Notes due April 2027, (xii) $500 million of 3.625% Senior Notes due October 2029, (xiii) $14 million of 9.0% per annum subordinated debt maturing in December 2021, (xiv) $2.3 million of 5% per annum debt held at a consolidated joint venture due February 2021 and (xv) $387 million of HUD debt at a 3.01% weighted average interest rate due between 2046 and 2052. Other than the $75 million outstanding under the Omega OP Term Loan Facility, the $387 million of HUD debt and the $2.3 million of debt held at a consolidated joint venture, the Parent is the obligor of all outstanding debt.

(2) In connection with the adoption of Topic 842, we recognized lease liabilities in connection with ground and/or facility leases. Certain operators pay these obligations directly to the landlord. We recognize rental income for ground and/or facility leases where the operator reimburses us, or pays the obligation directly to the landlord on our behalf.

Financing Activities and Borrowing Arrangements

$500 Million 3.625% Senior Notes due 2029

On September 20, 2019, we issued $500 million aggregate principal amount of our 2029 Notes. The 2029 Notes were sold at an issue price of 98.542% of their face value before the underwriters' discount. Our net proceeds from the offering, after deducting underwriting discounts and expenses, were approximately $487.8 million. The net proceeds from the offering were used to repay outstanding borrowings under our credit facilities and for general corporate purposes. The 2029 Notes mature on October 1, 2029 and pay interest semi-annually.

HUD Mortgage Debt

On October 31, 2019, we assumed approximately $389 million in mortgage loans guaranteed by HUD. The HUD loans have remaining terms ranging from 27 to 32 years and an average remaining term of 31 years with fixed interest rates ranging from 2.82% to 3.24%. The HUD loans may be prepaid subject to an initial penalty of 10% of the remaining principal balances in the first year and the prepayment penalty decreases each subsequent year by 1% until no penalty is required.

Other Debt Repayments

In connection with the MedEquities Merger on May 17, 2019, we assumed a $125.0 million term loan and outstanding borrowings of $160.1 million under MedEquities' previous revolving credit facility. We repaid the total outstanding balance on both the term loan and the revolving credit facility and terminated the related agreements on May 17, 2019.

Subordinated Debt

In connection with a 2010 acquisition, we assumed five separate $4.0 million subordinated notes bearing interest at 9% per annum that mature on December 21, 2021. Interest on these notes is due quarterly with the principal balance due at maturity. These subordinated notes may be prepaid at any time without penalty. To the extent that the operator of the facilities fails to pay rent owed to us under our existing master lease, we have the right to offset amounts owed to the lender. During the fourth quarter of 2019, we offset approximately $6.5 million of debt owed to the lender, which approximates three months of rent.

HUD Mortgage Disposition

On June 1, 2018, subsidiaries of an existing operator assumed approximately $53 million of our indebtedness guaranteed by HUD that secured 12 separate facilities located in Arkansas. In connection with our disposition of the mortgages, we wrote-off approximately $0.6 million of unamortized deferred costs that are recorded in Gain on assets sold – net on our Consolidated Statements of Operations. These fixed rate mortgages had a weighted average interest rate of approximately 3.06% per annum and matured in July 2044.

General

Certain of our other secured and unsecured borrowings are subject to customary affirmative and negative covenants, including financial covenants. As of December 31, 2019 and 2018, we were in compliance with all affirmative and negative covenants, including financial covenants, for our secured and unsecured borrowings. Omega OP, the guarantor of Parent's outstanding senior notes, does not directly own any substantive assets other than its interest in non-guarantor subsidiaries.

Commitments

We have committed to fund the construction of new leased and mortgaged facilities, capital improvements and other commitments. We expect the funding of these commitments to be completed over the next several years. Our remaining commitments at December 31, 2019, are outlined in the table below (in thousands):

Total commitments	$ 690,361
Amounts funded to date [(1)]	(520,447)
Remaining commitments	$ 169,914

(1) Includes finance costs.

Forward Equity Sales Agreement

In connection with a $300 million underwritten public offering, we entered into a forward equity sales agreement on September 9, 2019 to sell 7.5 million shares of our common stock at an initial net price of $40.01 per share, after underwriting discounts and commissions. On December 27, 2019, we settled the forward equity sale agreement by physical delivery of 7.5 million shares of common stock at $39.45 per share, net of dividends paid and interest received, for net proceeds of approximately $295.9 million.

$500 Million Equity Shelf Program

On September 3, 2015, we entered into separate Equity Distribution Agreements (collectively, the “Equity Shelf Agreements”) to sell shares of our common stock having an aggregate gross sales price of up to $500 million (the “2015 Equity Shelf Program”) with several financial institutions, each as a sales agent and/or principal (collectively, the “Managers”). Under the terms of the Equity Shelf Agreements, we may sell shares of our common stock, from time to time, through or to the Managers having an aggregate gross sales price of up to $500 million. Sales of the shares, if any, are made by means of ordinary brokers’ transactions on the New York Stock Exchange at market prices, or as otherwise agreed with the applicable Manager. We pay each Manager compensation for sales of the shares equal to 2% of the gross sales price per share for shares sold through such Manager under the applicable Equity Shelf Agreements.

For the year ended December 31, 2017, we issued approximately 0.7 million shares under the 2015 Equity Shelf Program, at an average price of $30.81 per share, net of issuance costs, generating net proceeds of approximately $22.1 million. For the year ended December 31, 2018, we issued approximately 2.3 million shares under the 2015 Equity Shelf Program, at an average price of $33.18 per share, net of issuance costs, generating net proceeds of approximately $75.5 million. For the year ended December 31, 2019, we issued approximately 3.1 million shares under the 2015 Equity Shelf Program, at an average price of $34.79 per share, net of issuance costs, generating net proceeds of approximately $109.0 million.

Dividend Reinvestment and Common Stock Purchase Plan

We have a Dividend Reinvestment and Common Stock Purchase Plan (the “DRSPP”) that allows for the reinvestment of dividends and the optional purchase of our common stock. For the year ended December 31, 2017, we issued 1.2 million shares of common stock for gross proceeds of approximately $36.7 million. For the year ended December 31, 2018, we issued 1.5 million shares of common stock for gross proceeds of approximately $46.8 million. For the year ended December 31, 2019, we issued 3.0 million shares of common stock for gross proceeds of approximately $115.1 million.

Dividends

In order to qualify as a REIT, we are required to distribute dividends (other than capital gain dividends) to our stockholders in an amount at least equal to (A) the sum of (i) 90% of our “REIT taxable income” (computed without regard to the dividends paid deduction and our net capital gain), and (ii) 90% of the net income (after tax), if any, from foreclosure property, minus (B) the sum of certain items of non-cash income. In addition, if we dispose of any built-in gain asset during a recognition period, we will be required to distribute at least 90% of the built-in gain (after tax), if any, recognized on the disposition of such asset. Such distributions must be paid in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for such year and paid on or before the first regular dividend payment after such declaration. In addition, such distributions are required to be made pro rata, with no preference to any share of stock as compared with other shares of the same class, and with no preference to one class of stock as compared with another class except to the extent that such class is entitled to such a preference. To the extent that we do not distribute all of our net capital gain or do distribute at least 90%, but less than 100% of our “REIT taxable income” as adjusted, we will be subject to tax thereon at regular ordinary and capital gain corporate tax rates.

In 2019, we paid dividends of $564.1 million to our common stockholders.

Common Dividends

The Board has declared common stock dividends as set forth below:

Record Date	Payment Date	Dividend per Common Share
January 31, 2019	February 15, 2019	$ 0.66
April 30, 2019	May 15, 2019	$ 0.66
July 31, 2019	August 15, 2019	$ 0.66
October 31, 2019	November 15, 2019	$ 0.67
January 31, 2020	February 14, 2020	$ 0.67

On the same dates listed above, the Omega OP Unit holders received the same distributions per unit as those paid to the common stockholders of Omega.

Liquidity

We believe our liquidity and various sources of available capital, including cash from operations, existing availability under our credit facilities, proceeds from our DRSPP and the 2015 Equity Shelf Program, facility sales and expected proceeds from mortgage and other investment payoffs are adequate to finance operations, meet recurring debt service requirements and fund future investments through the next twelve months.

We regularly review our liquidity needs, the adequacy of cash flow from operations, and other expected liquidity sources to meet these needs. We believe our principal short-term liquidity needs are to fund:

- normal recurring expenses;
- debt service payments;
- capital improvement programs;
- common stock dividends; and
- growth through acquisitions of additional properties.

The primary source of liquidity is our cash flows from operations. Operating cash flows have historically been determined by: (i) the number of facilities we lease or have mortgages on; (ii) rental and mortgage rates; (iii) our debt service obligations; (iv) general and administrative expenses and (v) our operators’ ability to pay amounts owed. The timing, source and amount of cash flows provided by or used in financing activities and in investing activities are sensitive to the capital markets environment, especially to changes in interest rates. Changes in the capital markets environment may impact the availability of cost-effective capital and affect our plans for acquisition and disposition activity.

Cash, cash equivalents and restricted cash totaled $33.4 million as of December 31, 2019, an increase of $21.7 million as compared to the balance at December 31, 2018. The following is a discussion of changes in cash, cash equivalents and restricted cash due to operating, investing and financing activities, which are presented in our Consolidated Statements of Cash Flows.

Operating Activities – Operating activities generated $553.7 million of net cash flow for the year ended December 31, 2019, as compared to $499.4 million for the same period in 2018, an increase of $54.4 million which is primarily due to the MedEquities Merger, the Encore portfolio acquisition, facility transitions and investments in other investments.

Investing Activities – Net cash flow from investing activities was an outflow of $379.0 million for the year ended December 31, 2019, as compared to an outflow of $173.2 million for the same period in 2018. The $205.7 million change in cash used by investing activities related primarily to (i) a $272.7 million increase in real estate acquisitions, primarily related to the Encore portfolio acquisition in the fourth quarter of 2019, (ii) $104.0 million increase in investments in unconsolidated joint ventures, (iii) a $90.3 million decrease in proceeds from the sales of real estate investments, (iv) a $59.6 million outflow of cash to complete the MedEquities Merger and (v) a $23.1 million increase in capital improvements to real estate investments. Offsetting these changes were: (i) a $195.3 million change in other investments – net, (ii) a $73.1 million change in mortgages – net and (iii) a $72.8 million increase in proceeds from sale of direct financing lease assets.

Financing Activities – Net cash flow from financing activities was an outflow of $154.0 million for the year ended December 31, 2019, as compared to an outflow of $410.7 million for the same period in 2018. The $256.7 million change in cash used in financing activities was primarily related to (i) a $395.8 million change in other long-term borrowings – net, (ii) a $329.3 million increase in cash proceeds from the issuance of common stock in 2019, as compared to the same period in 2018 and (iii) a $68.3 million increase in net proceeds from our dividend reinvestment plan in 2019, as compared to the same period in 2018, offset by (i) a $496.1 million change in our credit facility borrowings – net and (ii) a $35.4 million increase in dividends paid.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Our significant accounting policies are described in *Note 2 – Summary of Significant Accounting Policies*. These policies were followed in preparing the consolidated financial statements for all periods presented. Actual results could differ from those estimates.

We have identified the following significant accounting policies that we believe are critical accounting policies. These critical accounting policies are those that have the most impact on the reporting of our financial condition and those requiring significant assumptions, judgments and estimates. With respect to these critical accounting policies, we believe the application of assumptions, judgments and estimates is consistently applied and produces financial information that fairly presents the results of operations for all periods presented. Our most critical accounting policies are:

Revenue Recognition

We have various investments that generate revenue, including leased and mortgaged properties, as well as other investments, which include secured and unsecured loans.

Rental income

Substantially all of our operating leases contain provisions for specified annual increases over the rents of the prior year and are generally computed in one of three methods depending on the specific provisions of each lease as follows: (i) a specific annual increase over the prior year's rent, generally between 2.0% and 3.0%; (ii) an increase based on the change in pre-determined formulas from year to year (e.g., increases in the Consumer Price Index); or (iii) specific dollar increases over prior years. Rental income from operating leases is generally recognized on a straight-line basis over the lease term when we have determined that the collectibility of substantially all of the lease payments is probable. If we determine that it is not probable that substantially all of the lease payments will be collected, we account for the revenue under the lease on a cash basis. Changes in the assessment of probability are accounted for on a cumulative basis as if the lease had always been accounted for based on the current determination of the likelihood of collection potentially resulting in increased volatility of rental revenue. Some of our leases have options to extend, terminate or purchase the facilities, which are considered when determining the lease term. We do not include in our measurement of our lease receivables certain variable payments, including changes in an index until the specific events that trigger the variable payments have occurred.

Certain of our operating leases require the operators to reimburse us for property taxes and other expenditures that are not considered components of the lease and therefore no consideration is allocated to them as they do not result in the transfer of a good or service to the operators. We have determined that all of our leases qualify for the practical expedient to not separate the lease and non-lease components because (i) the lease components are operating leases and (ii) the timing and pattern of recognition of the non-lease components are the same as the lease components. We apply Topic 842 to the combined component. Income derived from our leases is recorded in rental income in our Consolidated Statements of Operations. Prior to the adoption of Topic 842, we did not include amounts for property taxes and other expenditures in rental income.

Certain tenants are obligated to pay directly their obligations under their leases for real estate taxes, insurance and certain other expenses. These obligations, which have been assumed by the tenants under the terms of their respective leases, are not reflected in our consolidated financial statements. To the extent any tenant responsible for these obligations under their respective lease defaults on its lease or if it is deemed probable that the tenant will fail to pay for such costs, we would record a liability for such obligation.

We have elected to exclude sales and other similar taxes from the measurement of lease revenue and expense.

Mortgage interest income and other investment income

Mortgage interest income and other investment income is recognized as earned over the terms of the related mortgage notes or other investment. Interest income is recorded on an accrual basis to the extent that such amounts are expected to be collected using the effective interest method. In applying the effective interest method, the effective yield on a loan is determined based on its contractual payment terms, adjusted for prepayment terms.

As a result of our revenue recognition policies, we have contractual receivables, effective yield interest receivables, straight-line rent receivables and lease inducement assets recorded on our Consolidated Balance Sheets. Contractual receivables relate to the amounts currently owed to us under the terms of our lease and loan agreements. Effective yield interest receivables relate to the difference between the interest income recognized on an effective yield basis over the term of the loan agreement and the interest currently due to us according to the contractual agreement. Straight-line rent receivables relate to the difference between the rental revenue recognized on a straight-line basis and the amounts currently due to us according to the contractual agreement. Lease inducements result from value provided by us to the lessee, at the inception, modification or renewal of the lease, and are amortized as a reduction of rental income over the non-cancellable lease term.

We assess the probability of collecting substantially all payments under our leases based on several factors, including, among other things, payment history of the lessee, the financial strength of the lessee and any guarantors, historical operations and operating trends and current and future economic conditions and expectations of performance. If our evaluation of these factors indicates it is probable that we will be unable to collect substantially all rents, we recognize a charge to rental income and limit our rental income to the lesser of lease income on a straight-line basis plus variable rents when they become accruable or cash collected. If we change our conclusion regarding the probability of collecting rent payments required by a lessee, we may recognize an adjustment to rental income in the period we make a change to our prior conclusion.

On a quarterly basis, and more frequently as appropriate, we review our contractual interest receivables and effective yield interest receivables to determine their collectability. The determination of collectability of these assets requires significant judgment and is affected by several factors relating to the credit quality of our operators that we regularly monitor, including (i) payment history, (ii) the age of the contractual receivables, (iii) the current economic conditions and reimbursement environment, (iv) the ability of the operator to perform under the terms of their lease and/or contractual loan agreements and (v) the value of the underlying collateral of the agreement, if any.

For a loan recognized on an effective yield basis, we generally provide an allowance for effective interest when certain conditions or indicators of adverse collectability are present. If these accounts receivable balances are subsequently deemed uncollectible, the receivable and allowance for doubtful account balance are written off.

Real Estate Investment Impairment

Management evaluates our real estate investments for impairment indicators at each reporting period, including the evaluation of our assets' useful lives. The judgment regarding the existence of impairment indicators is based on factors such as, but not limited to, market conditions, operator performance including the current payment status of contractual obligations and expectations of the ability to meet future contractual obligations, legal structure, as well as our intent with respect to holding or disposing of the asset. If indicators of impairment are present, management evaluates the carrying value of the related real estate investments in relation to management's estimate of future undiscounted cash flows of the underlying facilities. The estimated future undiscounted cash flows are generally based on the related lease which relates to one or more properties and may include cash flows from the eventual disposition of the asset. In some instances, there may be various potential outcomes for a real estate investment and its potential future cash flows. In these instances, the undiscounted future cash flows used to assess the recoverability are probability-weighted based on management's best estimates as of the date of evaluation. Provisions for impairment losses related to long-lived assets are recognized when expected future undiscounted cash flows based on our intended use of the property are determined to be less than the carrying values of the assets. An adjustment is made to the net carrying value of the real estate investments for the excess of carrying value over fair value. The fair value of the real estate investment is determined based on current market conditions and consider matters such as rental rates and occupancies for comparable properties, recent sales data for comparable properties, and, where applicable, contracts or the results of negotiations with purchasers or prospective purchasers. Additionally, our evaluation of fair value may consider valuing the property as a nursing home or other healthcare facility as well as alternative uses. All impairments are taken as a period cost at that time, and depreciation is adjusted going forward to reflect the new value assigned to the asset. Management's impairment evaluation process, and when applicable, impairment calculations involve estimation of the future cash flows from management's intended use of the property as well as the fair value of the property. Changes in the facts and circumstances that drive management's assumptions may result in an impairment to the Company's assets in a future period that could be material to the Company's results of operations.

Business Combinations

We record the purchase of properties to net tangible and identified intangible assets acquired and liabilities assumed at fair value. Transaction costs are expensed as incurred as part of a business combination. In making estimates of fair value for purposes of recording the purchase, we utilize a number of sources, including independent appraisals that may be obtained in connection with the acquisition or financing of the respective property and other market data. We also consider information obtained about each property as a result of our pre-acquisition due diligence, marketing and leasing activities as well as other critical valuation metrics such as current capitalization rates and discount rates used to estimate the fair value of the tangible and intangible assets acquired (Level 3). When liabilities are assumed as part of a transaction, we consider information obtained about the liabilities and use similar valuation metrics (Level 3). In some instances when debt is assumed and an identifiable active market for similar debt is present, we use market interest rates for similar debt to estimate the fair value of the debt assumed (Level 2). The Company determines fair value as follows:

- Land is determined based on third party appraisals which typically include market comparables.
- Buildings and site improvements acquired are valued using a combination of discounted cash flow projections that assume certain future revenues and costs and consider capitalization and discount rates using current market conditions as well as the residual approach.
- Furniture and fixtures are determined based on third party appraisals which typically utilize a replacement cost approach.

- Mortgages and other investments are valued using a discounted cash flow analysis, using interest rates being offered for similar loans to borrowers with similar credit ratings.

- Investments in joint ventures are valued based on the fair value of the joint ventures' assets and liabilities. Differences, if any, between the Company's basis and the joint venture's basis are generally amortized over the lives of the related assets and liabilities, and such amortization is included in the Company's share of earnings of the joint venture.

- Intangible assets and liabilities acquired are valued using a combination of discounted cash flow projections as well as other valuation techniques based on current market conditions for the intangible asset or liability being acquired. When evaluating below market leases we consider extension options controlled by the lessee in our evaluation.

- Other assets acquired and liabilities assumed are typically valued at stated amounts, which approximate fair value on the date of the acquisition.

- Assumed debt balances are valued by discounting the remaining contractual cash flows using a current market rate of interest.

- Noncontrolling interests are valued using a stock price on the acquisition date.

- Goodwill represents the purchase price in excess of the fair value of assets acquired and liabilities assumed. Goodwill is not amortized.

Asset Acquisitions

For asset acquisitions, assets acquired and liabilities assumed are recognized by allocating the cost of the acquisition, including transaction costs, to the individual assets acquired and liabilities assumed on a relative fair value basis. The fair value of the assets acquired and liabilities assumed in an asset acquisition are determined in a consistent manner with the immediately preceding "Business Combinations" section.

Item 7A – Quantitative and Qualitative Disclosures About Market Risk

We are exposed to various market risks, including the potential loss arising from adverse changes in interest rates. We do not enter into derivatives or other financial instruments for trading or speculative purposes, but we seek to mitigate the effects of fluctuations in interest rates by matching the term of new investments with new long-term fixed rate borrowings to the extent possible.

The following disclosures of estimated fair value of financial instruments are subjective in nature and are dependent on a number of important assumptions, including estimates of future cash flows, risks, discount rates and relevant comparable market information associated with each financial instrument. Readers are cautioned that many of the statements contained in these paragraphs are forward-looking and should be read in conjunction with our disclosures under the heading "Forward-looking Statements and Factors Affecting Future Results" set forth above. The use of different market assumptions and estimation methodologies may have a material effect on the reported estimated fair value amounts. Accordingly, the estimates presented below are not necessarily indicative of the amounts we would realize in a current market exchange.

Mortgage notes receivable - The fair value of mortgage notes receivable is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Direct financing leases - The fair value of the investments in direct financing leases are estimated using a discounted cash flow analysis, using interest rates being offered for similar leases to borrowers with similar credit ratings. In addition, we may estimate the fair value of its investment based on the estimated fair value of the collateral using a market approach which reflects of the expected proceeds from the buyer based on the terms of the sale agreement.

Other investments - The fair value of other investments is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Borrowings under our credit agreements and term loan - The fair value of our borrowings under our credit agreements and term loan is estimated using an expected present value technique based on expected cash flows discounted using the current credit-adjusted risk-free rate.

S*enior unsecured notes and HUD mortgages* -The fair value of the senior unsecured notes and HUD mortgages is estimated based on open market trading activity provided by third parties.

The market value of our long-term fixed rate borrowings and mortgages is subject to interest rate risks. Generally, the market value of fixed rate financial instruments will decrease as interest rates rise and increase as interest rates fall. The estimated fair value of our total long-term borrowings at December 31, 2019 was approximately $5.5 billion. A one percent increase in interest rates would result in a decrease in the fair value of long-term borrowings by approximately $296.2 million at December 31, 2019.

We may enter into certain types of derivative financial instruments to further reduce interest rate risk. We use interest rate swap agreements, for example, to convert some of our variable rate debt to a fixed-rate basis or to hedge anticipated financing transactions. At December 31, 2019, $3.7 million of qualifying cash flow hedges were recorded at fair value in accrued expenses and other liabilities on our Consolidated Balance Sheet. At December 31, 2018, $4.0 million of qualifying cash flow hedges were recorded at fair value in other assets on our Consolidated Balance Sheets.

Item 8 – Financial Statements and Supplementary Data

The consolidated financial statements and the report of Ernst & Young LLP, Independent Registered Public Accounting Firm, on such financial statements are filed as part of this report beginning on page F-1. The summary of unaudited quarterly results of operations for the years ended December 31, 2019 and 2018 is included in *Note 22 – Summary of Quarterly Results (Unaudited)* to our audited consolidated financial statements, which is incorporated herein by reference in response to Item 302 of Regulation S-K.

Item 9 – Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A – Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

In connection with the preparation of our Form 10-K as of and for the year ended December 31, 2019, management evaluated the effectiveness of the design and operation of disclosure controls and procedures of Omega, and Omega OP (for purposes of this Item 9A, the "Companies") as of December 31, 2019. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer of the Companies concluded that the disclosure controls and procedures of the Companies were effective at the reasonable assurance level as of December 31, 2019.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, a company's principal executive and principal financial officers, or persons performing similar functions, and effected by a company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations and can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

In connection with the preparation of this Form 10-K, our management assessed the effectiveness of the Companies' internal control over financial reporting as of December 31, 2019. In making that assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework ("2013 framework"). Based on management's assessment, management believes that, as of December 31, 2019, the Companies' internal control over financial reporting was effective based on those criteria.

The independent registered public accounting firm's attestation reports regarding each of the Companies' internal control over financial reporting is included in the 2019 financial statements under the caption entitled *Report of Independent Registered Public Accounting Firm* and is incorporated herein by reference.

Changes in Internal Control Over Financial Reporting

There were no changes in the Companies' internal control over financial reporting during the quarter ended December 31, 2019 identified in connection with the evaluation of their disclosure controls and procedures described above that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Item 9B – Other Information

None.

PART III

Item 10 – Directors, Executive Officers of the Registrant and Corporate Governance

The information required by this item is incorporated herein by reference to our Company's definitive proxy statement for the 2020 Annual Meeting of Stockholders, to be filed with the SEC pursuant to Regulation 14A.

For information regarding executive officers of our Company, see *Item 1 – Business – Executive Officers of Our Company*.

Code of Business Conduct and Ethics. We have adopted a written Code of Business Conduct and Ethics ("Code of Ethics") that applies to all of our directors and employees, including our chief executive officer, chief financial officer, chief accounting officer and controller. A copy of our Code of Ethics is available on our website at www.omegahealthcare.com. Any amendment to our Code of Ethics or any waiver of our Code of Ethics that is required to be disclosed will be provided on our website at www.omegahealthcare.com promptly following the date of such amendment or waiver.

Item 11 – Executive Compensation

The information required by this item is incorporated herein by reference to our Company's definitive proxy statement for the 2020 Annual Meeting of Stockholders, to be filed with the SEC pursuant to Regulation 14A.

Item 12 – Security Ownership of Certain Beneficial Owners and Management

The information required by this item is incorporated herein by reference to our Company's definitive proxy statement for the 2020 Annual Meeting of Stockholders, to be filed with the SEC pursuant to Regulation 14A.

Item 13 – Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated herein by reference to our Company's definitive proxy statement for the 2020 Annual Meeting of Stockholders, to be filed with the SEC pursuant to Regulation 14A.

Item 14 – Principal Accounting Fees and Services

The information required by this item is incorporated herein by reference to our Company's definitive proxy statement for the 2020 Annual Meeting of Stockholders, to be filed with the SEC pursuant to Regulation 14A.

PART IV

Item 15 – Exhibits and Financial Statement Schedules

(a)(1) Listing of Consolidated Financial Statements

(a)(2) Listing of Financial Statement Schedules. The following consolidated financial statement schedules are included herein:

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable or have been omitted because sufficient information has been included in the notes to the Consolidated Financial Statements.

(a)(3) Listing of Exhibits — See "*Index to Exhibits*" beginning on Page I-1 of this report.

(b) Exhibits — See "*Index to Exhibits*" beginning on Page I-1 of this report.

(c) Financial Statement Schedules — The following consolidated financial statement schedules are included herein:

Schedule II —Valuation and Qualifying Accounts

Schedule III — Real Estate and Accumulated Depreciation

Schedule IV — Mortgage Loans on Real Estate

Item 16 – Summary

Registrants may voluntarily include a summary of information required by Form 10-K under this Item 16. We have elected not to include such summary information.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Omega Healthcare Investors, Inc.

Opinion on the Financial Statements
We have audited the accompanying consolidated balance sheets of Omega Healthcare Investors, Inc. (the Company) as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedules listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 28, 2020 expressed an unqualified opinion thereon.

Basis for Opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters
The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

	Accounting for acquisitions
Description of the Matter	As described in Note 3 to the financial statements, the Company completed five acquisitions during 2019. The most significant of these were the acquisition of MedEquities Realty Trust, Inc. and the acquisition of the Encore portfolio. Auditing the Company's accounting for its acquisitions was complex due to the significant estimation uncertainty in the Company's determination of the fair value of the acquired assets and liabilities, including the acquired properties and assumed leases. The significant estimation uncertainty was primarily due to the sensitivity of the respective fair values to the underlying significant assumptions utilized in the measurement of the fair value of the acquired properties and leases. The Company used discounted cash flow analyses, market comparable data, and replacement cost data, to estimate the fair value of the acquired properties and assumed leases. The significant assumptions used to estimate the fair value of the acquired properties and assumed leases included lease coverage ratios, lease yields, market rents, land values per acre, discount rates, and replacement costs of furniture, fixtures, and equipment. Certain of these significant assumptions include consideration of future economic and market conditions.

How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of the controls over the Company's accounting for acquisitions. For example, we tested controls over the measurement of the acquired properties and assumed leases, including management's review of the appropriateness of the valuation methodology and assumptions used in the valuation models. To test the estimated fair value of the acquired properties and assumed leases, we involved our valuation specialists and performed procedures including, among others, evaluating the Company's valuation methodology and testing the significant assumptions. For example, we compared the significant assumptions used to independent third-party data and the Company's recent lease and acquisition transactions. Additionally, we tested the completeness and accuracy of the underlying data supporting the significant assumptions and estimates including through comparison to the related lease agreements.
	Collectability of future lease payments
Description of the Matter	The Company recognized rental income of $804 million during 2019. As described in Note 2 to the consolidated financial statements, the timing and pattern of rental income recognition for operating leases is affected by the Company's determination as to whether the collectability of lease payments is probable. Auditing the Company's accounting for rental income is complex due to the judgment involved in the Company's determination of the collectability of future lease payments from its operators. The determination involves consideration of the lessee's payment history and recent payment trends, an assessment of the financial strength of the lessees and guarantors, where applicable, future contractual rents, historical and projected operating results of the lessees in such properties, and the timing of expected payments.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's controls over the recognition of rental income, including controls over management's assessment of the collectability of future lease payments. For example, we tested controls over management's consideration of the factors used in assessing collectability and controls over the completeness and accuracy of the data used in management's analyses. To test the rental income recognized, we performed audit procedures that included, among others, evaluating the collectability of lease payments. For example, we assessed the operators' historical operating results in the properties, the financial condition of the operators and payment trends for a sample of operators. We also considered whether other information obtained throughout the course of our audit procedures corroborated or contradicted management's analysis. In addition, we tested the completeness and accuracy of the data that was used in management's analyses.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1992.
Baltimore, Maryland
February 28, 2020

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Omega Healthcare Investors, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Omega Healthcare Investors, Inc.'s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Omega Healthcare Investors, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Omega Healthcare Investors, Inc. as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedules listed in the Index at Item 15(a)(2) and our report dated February 28, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Baltimore, Maryland
February 28, 2020

Report of Independent Registered Public Accounting Firm

To the Partners of OHI Healthcare Properties Limited Partnership

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of OHI Healthcare Properties Limited Partnership (the Partnership) as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, changes in owners' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedules listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Partnership at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Partnership's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 28, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Partnership's auditor since 2017.
Baltimore, Maryland
February 28, 2020

Report of Independent Registered Public Accounting Firm

To the Partners of OHI Healthcare Properties Limited Partnership

Opinion on Internal Control over Financial Reporting

We have audited OHI Healthcare Properties Limited Partnership's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, OHI Healthcare Properties Limited Partnership (the Partnership) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of OHI Healthcare Properties Limited Partnership. as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, changes in owners' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedules listed in the Index at Item 15(a)(2) and our report dated February 28, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Baltimore, Maryland
February 28, 2020

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	December 31, 2019	December 31, 2018
ASSETS		
Real estate properties		
Real estate investments	$ 8,985,994	$ 7,746,410
Less accumulated depreciation	(1,787,425)	(1,562,619)
Real estate investments – net	7,198,569	6,183,791
Investments in direct financing leases – net	11,488	132,262
Mortgage notes receivable – net	773,563	710,858
	7,983,620	7,026,911
Other investments	419,228	504,626
Investments in unconsolidated joint ventures	199,884	31,045
Assets held for sale – net	4,922	989
Total investments	8,607,654	7,563,571
Cash and cash equivalents	24,117	10,300
Restricted cash	9,263	1,371
Contractual receivables – net	27,122	33,826
Other receivables and lease inducements	381,091	313,551
Goodwill	644,415	643,950
Other assets	102,462	24,308
Total assets	$ 9,796,124	$ 8,590,877
LIABILITIES AND EQUITY		
Revolving line of credit	$ 125,000	$ 313,000
Term loans – net	804,738	898,726
Secured borrowings	389,680	—
Senior notes and other unsecured borrowings – net	3,816,722	3,328,896
Accrued expenses and other liabilities	312,040	272,172
Deferred income taxes	11,350	13,599
Total liabilities	5,459,530	4,826,393
Equity:		
Common stock $.10 par value authorized – 350,000 shares, issued and outstanding – 226,631 shares as of December 31, 2019 and 202,346 as of December 31, 2018	22,663	20,235
Common stock – additional paid-in capital	5,992,733	5,074,544
Cumulative net earnings	2,463,436	2,130,511
Cumulative dividends paid	(4,303,546)	(3,739,197)
Accumulated other comprehensive loss	(39,858)	(41,652)
Total stockholders' equity	4,135,428	3,444,441
Noncontrolling interest	201,166	320,043
Total equity	4,336,594	3,764,484
Total liabilities and equity	$ 9,796,124	$ 8,590,877

See accompanying notes.

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OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Year Ended December 31, 2019	2018	2017
Revenue			
Rental income	$ 804,076	$ 767,340	$ 775,176
Income from direct financing leases	1,036	1,636	32,336
Mortgage interest income	76,542	70,312	66,202
Other investment income	43,400	40,228	29,225
Miscellaneous income	3,776	2,166	5,446
Total operating revenues	928,830	881,682	908,385
Expenses			
Depreciation and amortization	301,683	281,279	287,591
General and administrative	57,869	63,508	47,683
Real estate taxes	14,933	—	—
Acquisition and merger related costs	5,115	383	—
Impairment on real estate properties	45,264	29,839	99,070
Impairment on direct financing leases	7,917	27,168	198,199
Provision for uncollectible accounts	—	6,689	14,580
Total operating expenses	432,781	408,866	647,123
Other operating income			
Gain on assets sold – net	55,696	24,774	53,912
Operating income	**551,745**	**497,590**	**315,174**
Other income (expense)			
Interest income and other – net	856	313	267
Interest expense	(199,151)	(192,462)	(188,762)
Interest – amortization of deferred financing costs	(9,564)	(8,960)	(9,516)
Interest – refinancing costs	—	—	(21,965)
Contractual settlement	—	—	10,412
Realized (loss) gain on foreign exchange	(42)	32	311
Total other expense	(207,901)	(201,077)	(209,253)
Income from continuing operations	**343,844**	**296,513**	**105,921**
Income tax expense	(2,844)	(3,010)	(3,248)
Income from unconsolidated joint ventures	10,947	381	2,237
Net income	**351,947**	**293,884**	**104,910**
Net income attributable to noncontrolling interest	**(10,824)**	**(12,306)**	**(4,491)**
Net income available to common stockholders	**$ 341,123**	**$ 281,578**	**$ 100,419**
Earnings per common share/unit available to common stockholders:			
Basic:			
Net income available to common stockholders	$ 1.60	$ 1.41	$ 0.51
Diluted:			
Net income	$ 1.58	$ 1.40	$ 0.51
Weighted-average shares outstanding, basic	213,404	200,279	197,738
Weighted-average shares outstanding, diluted	222,125	209,711	206,790

See accompanying notes.

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Year Ended December 31,		
	2019	2018	2017
Net income	**$ 351,947**	**$ 293,884**	**$ 104,910**
Other comprehensive income (loss):			
Foreign currency translation	8,114	(14,532)	21,845
Cash flow hedges	(6,363)	2,531	2,883
Total other comprehensive income (loss)	1,751	(12,001)	24,728
Comprehensive income	**353,698**	**281,883**	**129,638**
Comprehensive income attributable to noncontrolling interest	(10,781)	(11,807)	(5,542)
Comprehensive income attributable to common stockholders	**$ 342,917**	**$ 270,076**	**$ 124,096**

See accompanying notes.

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands, except per share amounts)

	Common Stock Par Value	Additional Paid-in Capital	Cumulative Net Earnings	Cumulative Dividends	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance at December 31, 2016	$ 19,614	$ 4,861,408	$ 1,738,937	$ (2,707,387)	$ (53,827)	$ 3,858,745	$ 353,241	$ 4,211,986
Grant of restricted stock to company directors	3	(3)	—	—	—	—	—	—
Stock-based compensation expense	—	15,212	—	—	—	15,212	—	15,212
Vesting/exercising of equity compensation, net of tax withholdings	12	(2,155)	—	—	—	(2,143)	—	(2,143)
Dividend reinvestment plan	120	36,602	—	—	—	36,722	—	36,722
Grant of stock as payment of directors fees	1	149	—	—	—	150	—	150
Deferred compensation directors	—	108	—	—	—	108	—	108
Equity Shelf Program	72	22,048	—	—	—	22,120	—	22,120
Common dividends declared ($2.54 per share)	—	—	—	(502,861)	—	(502,861)	—	(502,861)
Conversion of Omega OP Units to common stock	9	2,933	—	—	—	2,942	—	2,942
Redemption of Omega OP Units	—	—	—	—	—	—	(2,990)	(2,990)
Omega OP Units distributions	—	—	—	—	—	—	(22,626)	(22,626)
Comprehensive income:								
Foreign currency translation	—	—	—	—	20,916	20,916	929	21,845
Cash flow hedges	—	—	—	—	2,761	2,761	122	2,883
Net income	—	—	100,419	—	—	100,419	4,491	104,910
Total comprehensive income								129,638
Balance at December 31, 2017	19,831	4,936,302	1,839,356	(3,210,248)	(30,150)	3,555,091	333,167	3,888,258
Cumulative effect of accounting change (see Note 2)	—	—	9,577	—	—	9,577	423	10,000
Balance at January 1, 2018	19,831	4,936,302	1,848,933	(3,210,248)	(30,150)	3,564,668	333,590	3,898,258
Grant of restricted stock to company directors	4	(4)	—	—	—	—	—	—
Stock-based compensation expense	—	15,987	—	—	—	15,987	—	15,987
Vesting/exercising of equity compensation plan, net of tax withholdings	9	(1,663)	—	—	—	(1,654)	—	(1,654)
Dividend reinvestment plan	155	46,646	—	—	—	46,801	—	46,801
Deferred compensation directors	3	250	—	—	—	253	—	253
Equity Shelf Program	228	75,304	—	—	—	75,532	—	75,532
Common dividends declared ($2.64 per share)	—	—	—	(528,949)	—	(528,949)	—	(528,949)
Conversion of Omega OP Units to common stock	5	1,722	—	—	—	1,727	—	1,727
Redemption of Omega OP Units	—	—	—	—	—	—	(1,861)	(1,861)
Omega OP Units distributions	—	—	—	—	—	—	(23,493)	(23,493)
Comprehensive income:								
Foreign currency translation	—	—	—	—	(13,924)	(13,924)	(608)	(14,532)
Cash flow hedges	—	—	—	—	2,422	2,422	109	2,531
Net income	—	—	281,578	—	—	281,578	12,306	293,884
Total comprehensive income								281,883
Balance at December 31, 2018	20,235	5,074,544	2,130,511	(3,739,197)	(41,652)	3,444,441	320,043	3,764,484
Cumulative effect of accounting change (see Note 2)	—	—	(8,198)	—	—	(8,198)	(292)	(8,490)
Grant of restricted stock to company directors	2	(2)	—	—	—	—	—	—
Stock-based compensation expense	—	14,871	—	—	—	14,871	—	14,871
Vesting/exercising of equity compensation plan, net of tax withholdings	15	(4,333)	—	—	—	(4,318)	—	(4,318)
Dividend reinvestment plan	304	114,747	—	—	—	115,051	—	115,051
Deferred compensation directors	—	222	—	—	—	222	—	222
Equity Shelf Program	313	108,683	—	—	—	108,996	—	108,996
Issuance of common stock - merger related	748	280,880	—	—	—	281,628	—	281,628
Issuance of common stock	750	295,117	—	—	—	295,867	—	295,867
Common dividends declared ($2.65 per share)	—	—	—	(564,349)	—	(564,349)	—	(564,349)
Vesting/exercising of OP units	—	(6,648)	—	—	—	(6,648)	6,648	—
Conversion and redemption of Omega OP Units to common stock	296	114,652	—	—	—	114,948	(114,948)	—
Omega OP Units distributions	—	—	—	—	—	—	(21,294)	(21,294)
Noncontrolling interest - consolidated joint venture	—	—	—	—	—	—	228	228
Comprehensive income:								
Foreign currency translation	—	—	—	—	7,931	7,931	183	8,114
Cash flow hedges	—	—	—	—	(6,137)	(6,137)	(226)	(6,363)
Net income	—	—	341,123	—	—	341,123	10,824	351,947
Total comprehensive income								353,698
Balance at December 31, 2019	$ 22,663	$ 5,992,733	$ 2,463,436	$ (4,303,546)	$ (39,858)	$ 4,135,428	$ 201,166	$ 4,336,594

See accompanying notes.

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31, 2019	2018	2017
Cash flows from operating activities			
Net income	$ 351,947	$ 293,884	$ 104,910
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	301,683	281,279	287,591
Impairment on real estate properties	48,939	35,014	99,070
Impairment on direct financing leases	7,917	27,168	198,199
Provision for uncollectible accounts	—	6,689	14,580
Provision for rental income	11,120	—	—
Interest - amortization of deferred financing costs and refinancing costs	9,564	8,960	19,711
Accretion of direct financing leases	13	109	(6,107)
Stock-based compensation expense	15,359	15,987	15,212
Gain on assets sold – net	(55,696)	(24,774)	(53,912)
Amortization of acquired in-place leases – net	(5,904)	(10,707)	(11,910)
Effective yield receivable on mortgage notes	(173)	(1,068)	(1,924)
Interest paid-in-kind	(7,160)	(6,360)	—
Loss from unconsolidated joint venture	22	—	—
Change in operating assets and liabilities – net:			
Contractual receivables	(5,931)	2,368	(36,621)
Straight-line rent receivables	(46,580)	(61,559)	(25,240)
Lease inducements	(42,071)	(32,738)	(8,419)
Other operating assets and liabilities	(29,302)	(34,879)	(17,228)
Net cash provided by operating activities	553,747	499,373	577,912
Cash flows from investing activities			
Acquisition of a business, net of cash acquired	(59,616)	—	—
Acquisition of real estate	(377,841)	(105,119)	(385,418)
Cash acquired in acquisition	—	—	2,341
Net proceeds from sale of real estate investments	219,262	309,586	257,812
Investments in construction in progress	(139,678)	(139,441)	(86,689)
Investments in direct financing leases	—	—	(7,183)
Proceeds from sale of direct financing lease and related trust	93,730	20,979	33,306
Placement of mortgage loans	(20,702)	(65,340)	(34,643)
Collection of mortgage principal	54,529	26,088	1,529
Investments in unconsolidated joint ventures	(103,963)	—	—
Distributions from unconsolidated joint ventures in excess of earnings	9,079	5,471	12,175
Capital improvements to real estate investments	(52,892)	(29,824)	(37,766)
Receipts from insurance proceeds	8,170	8,717	2,754
Investments in other investments	(100,312)	(385,707)	(139,047)
Proceeds from other investments	91,281	181,371	95,696
Net cash used in investing activities	(378,953)	(173,219)	(285,133)
Cash flows from financing activities			
Proceeds from credit facility borrowings	1,507,000	1,291,000	1,687,000
Payments on credit facility borrowings	(1,980,100)	(1,268,000)	(1,587,000)
Receipts of other long-term borrowings	494,985	—	1,346,749
Payments of other long-term borrowings	(101,222)	(2,049)	(1,252,788)
Payments of financing related costs	(4,787)	(8)	(29,198)
Receipts from dividend reinvestment plan	115,051	46,801	36,722
Payments for exercised options and restricted stock	(4,556)	(1,654)	(2,143)
Net proceeds from issuance of common stock	404,863	75,532	22,120
Dividends paid	(564,127)	(528,696)	(502,603)
Noncontrolling members' contributions to consolidated joint venture	228	—	—
Redemption of Omega OP Units	—	(134)	(48)
Distributions to Omega OP Unit Holders	(21,294)	(23,493)	(22,626)
Net cash used in financing activities	(153,959)	(410,701)	(303,815)
Effect of foreign currency translation on cash, cash equivalents and restricted cash	874	(590)	568
Increase (decrease) in cash, cash equivalents and restricted cash	21,709	(85,137)	(10,468)
Cash, cash equivalents and restricted cash at beginning of year	11,671	96,808	107,276
Cash, cash equivalents and restricted cash at end of year	$ 33,380	$ 11,671	$ 96,808

See accompanying notes.

OHI HEALTHCARE PROPERTIES LIMITED PARTNERSHIP
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2019	December 31, 2018
ASSETS		
Real estate properties		
Real estate investments	$ 8,985,994	$ 7,746,410
Less accumulated depreciation	(1,787,425)	(1,562,619)
Real estate investments – net	7,198,569	6,183,791
Investments in direct financing leases – net	11,488	132,262
Mortgage notes receivable – net	773,563	710,858
	7,983,620	7,026,911
Other investments	419,228	504,626
Investments in unconsolidated joint ventures	199,884	31,045
Assets held for sale – net	4,922	989
Total investments	8,607,654	7,563,571
Cash and cash equivalents	24,117	10,300
Restricted cash	9,263	1,371
Contractual receivables – net	27,122	33,826
Other receivables and lease inducements	381,091	313,551
Goodwill	644,415	643,950
Other assets	102,462	24,308
Total assets	$ 9,796,124	$ 8,590,877
LIABILITIES AND OWNERS' EQUITY		
Term loan – net	$ 74,763	$ 99,553
Secured borrowings	389,680	—
Accrued expenses and other liabilities	245,406	211,277
Deferred income taxes	11,350	13,599
Intercompany loans payable	4,738,331	4,501,964
Total liabilities	5,459,530	4,826,393
Owners' Equity:		
General partners' equity	4,135,428	3,444,441
Limited partners' equity	200,950	320,043
Total owners' equity	4,336,378	3,764,484
Noncontrolling interest	216	—
Total equity	4,336,594	3,764,484
Total liabilities and equity	$ 9,796,124	$ 8,590,877

See accompanying notes.

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OHI HEALTHCARE PROPERTIES LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per unit amounts)

	Year Ended December 31,		
	2019	2018	2017
Revenue			
Rental income	$ 804,076	$ 767,340	$ 775,176
Income from direct financing leases	1,036	1,636	32,336
Mortgage interest income	76,542	70,312	66,202
Other investment income	43,400	40,228	29,225
Miscellaneous income	3,776	2,166	5,446
Total operating revenues	928,830	881,682	908,385
Expenses			
Depreciation and amortization	301,683	281,279	287,591
General and administrative	57,869	63,508	47,683
Real estate taxes	14,933	—	—
Acquisition and merger related costs	5,115	383	—
Impairment on real estate properties	45,264	29,839	99,070
Impairment on direct financing leases	7,917	27,168	198,199
Provision for uncollectible accounts	—	6,689	14,580
Total operating expenses	432,781	408,866	647,123
Other operating income			
Gain on assets sold – net	55,696	24,774	53,912
Operating income	**551,745**	**497,590**	**315,174**
Other income (expense)			
Interest income and other – net	856	313	267
Interest expense	(199,151)	(192,462)	(188,762)
Interest – amortization of deferred financing costs	(9,564)	(8,960)	(9,516)
Interest – refinancing costs	—	—	(21,965)
Contractual settlement	—	—	10,412
Realized (loss) gain on foreign exchange	(42)	32	311
Total other expense	(207,901)	(201,077)	(209,253)
Income from continuing operations	**343,844**	**296,513**	**105,921**
Income tax expense	(2,844)	(3,010)	(3,248)
Income from unconsolidated joint ventures	10,947	381	2,237
Net income	**351,947**	**293,884**	**104,910**
Net loss attributable to noncontrolling interest	**12**	**—**	**—**
Net income available to owners	**$ 351,959**	**$ 293,884**	**$ 104,910**
Earnings per unit:			
Basic:			
Net income available to owners'	$ 1.60	$ 1.41	$ 0.51
Diluted:			
Net income	$ 1.58	$ 1.40	$ 0.51
Weighted-average Omega OP Units outstanding, basic	220,193	209,020	206,521
Weighted-average Omega OP Units outstanding, diluted	222,125	209,711	206,790

See accompanying notes.

OHI HEALTHCARE PROPERTIES LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Year Ended December 31,		
	2019	2018	2017
Net income	**$ 351,947**	**$ 293,884**	**$ 104,910**
Other comprehensive income (loss):			
Foreign currency translation	8,114	(14,532)	21,845
Cash flow hedges	(6,363)	2,531	2,883
Total other comprehensive income (loss)	1,751	(12,001)	24,728
Comprehensive income	**353,698**	**281,883**	**129,638**
Comprehensive loss attributable to noncontrolling interest	12	—	—
Comprehensive income attributable to owners	**$ 353,710**	**$ 281,883**	**$ 129,638**

See accompanying notes.

OHI HEALTHCARE PROPERTIES LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF CHANGES IN OWNERS' EQUITY
(in thousands, except per unit amounts)

	General Partners' Omega OP Units	Limited Partners' Omega OP Units	Total Omega OP Units	General Partners' Equity	Limited Partners' Equity	Total Owners' Equity	Noncontrolling interest	Total Equity
Balance at December 31, 2016	196,142	8,862	205,004	$ 3,858,745	$ 353,241	$ 4,211,986	$ —	$ 4,211,986
Contributions from partners	2,167	—	2,167	75,111	—	75,111	—	75,111
Distributions to partners	—	—	—	(502,861)	(22,626)	(525,487)	—	(525,487)
Omega OP Unit redemptions	—	(90)	(90)	—	(2,990)	(2,990)	—	(2,990)
Comprehensive income:								
Foreign currency translation	—	—	—	20,916	929	21,845	—	21,845
Cash flow hedges	—	—	—	2,761	122	2,883	—	2,883
Net income	—	—	—	100,419	4,491	104,910	—	104,910
Total comprehensive income						129,638		129,638
Balance at December 31, 2017	198,309	8,772	207,081	3,555,091	333,167	3,888,258	—	3,888,258
Cumulative effect of accounting change (see Note 2)	—	—	—	9,577	423	10,000	—	10,000
Balance at January 1, 2018	198,309	8,772	207,081	3,564,668	333,590	3,898,258	—	3,898,258
Contributions from partners	4,037	—	4,037	138,646	—	138,646	—	138,646
Distributions to partners	—	—	—	(528,949)	(23,493)	(552,442)	—	(552,442)
Omega OP Unit redemptions	—	(58)	(58)	—	(1,861)	(1,861)	—	(1,861)
Comprehensive income:								
Foreign currency translation	—	—	—	(13,924)	(608)	(14,532)	—	(14,532)
Cash flow hedges	—	—	—	2,422	109	2,531	—	2,531
Net income	—	—	—	281,578	12,306	293,884	—	293,884
Total comprehensive income						281,883		281,883
Balance at December 31, 2018	202,346	8,714	211,060	3,444,441	320,043	3,764,484	—	3,764,484
Cumulative effect of accounting change (see Note 2)	—	—	—	(8,198)	(292)	(8,490)	—	(8,490)
Contributions from partners	24,285	—	24,285	927,265	—	927,265	—	927,265
Distributions to partners	—	—	—	(564,349)	(21,294)	(585,643)	—	(585,643)
Vesting/exercising of Omega OP Units	—	173	173	(6,648)	6,648	—	—	—
Noncontrolling interest - consolidated joint venture	—	—	—	—	—	—	228	228
Omega OP Unit conversions	—	(2,956)	(2,956)	—	(114,948)	(114,948)	—	(114,948)
Comprehensive income:								
Foreign currency translation	—	—	—	7,931	183	8,114	—	8,114
Cash flow hedges	—	—	—	(6,137)	(226)	(6,363)	—	(6,363)
Net income	—	—	—	341,123	10,836	351,959	(12)	351,947
Total comprehensive income						353,710		353,698
Balance at December 31, 2019	226,631	5,931	232,562	$ 4,135,428	$ 200,950	$ 4,336,378	$ 216	$ 4,336,594

See accompanying notes.

OHI HEALTHCARE PROPERTIES LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2019	2018	2017
Cash flows from operating activities			
Net income	$ 351,947	$ 293,884	$ 104,910
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	301,683	281,279	287,591
Impairment on real estate properties	48,939	35,014	99,070
Impairment loss on direct financing leases	7,917	27,168	198,199
Provision for uncollectible accounts	—	6,689	14,580
Provision for rental income	11,120	—	—
Interest - amortization of deferred financing costs and refinancing costs	9,564	8,960	19,711
Accretion of direct financing leases	13	109	(6,107)
Stock-based compensation expense	15,359	15,987	15,212
Gain on assets sold – net	(55,696)	(24,774)	(53,912)
Amortization of acquired in-place leases – net	(5,904)	(10,707)	(11,910)
Effective yield receivable on mortgage notes	(173)	(1,068)	(1,924)
Interest paid-in-kind	(7,160)	(6,360)	—
Loss from unconsolidated joint venture	22	—	—
Change in operating assets and liabilities – net:			
Contractual receivables	(5,931)	2,368	(36,621)
Straight-line rent receivables	(46,580)	(61,559)	(25,240)
Lease inducements	(42,071)	(32,738)	(8,419)
Other operating assets and liabilities	(29,302)	(34,879)	(17,228)
Net cash provided by operating activities	553,747	499,373	577,912
Cash flows from investing activities			
Acquisition of a business, net of cash acquired	(59,616)	—	—
Acquisition of real estate	(377,841)	(105,119)	(385,418)
Cash acquired in acquisition	—	—	2,341
Net proceeds from sale of real estate investments	219,262	309,586	257,812
Investments in construction in progress	(139,678)	(139,441)	(86,689)
Investments in direct financing leases	—	—	(7,183)
Proceeds from direct financing lease and related trust	93,730	20,979	33,306
Placement of mortgage loans	(20,702)	(65,340)	(34,643)
Collection of mortgage principal	54,529	26,088	1,529
Investments in unconsolidated joint ventures	(103,963)	—	—
Distributions from unconsolidated joint ventures in excess of earnings	9,079	5,471	12,175
Capital improvements to real estate investments	(52,892)	(29,824)	(37,766)
Receipts from insurance proceeds	8,170	8,717	2,754
Investments in other investments	(100,312)	(385,707)	(139,047)
Proceeds from other investments	91,281	181,371	95,696
Net cash used in investing activities	(378,953)	(173,219)	(285,133)
Cash flows from financing activities			
Proceeds from secured borrowing	2,275	—	—
Repayments of secured borrowing	(1,222)	—	—
Repayment of term loan	(25,000)	—	—
Proceeds from intercompany loans payable to Omega	1,999,710	1,291,000	3,033,749
Repayment of intercompany loans payable to Omega	(2,055,100)	(1,270,049)	(2,839,788)
Payment of financing related costs incurred by Omega	(4,787)	(8)	(29,198)
Noncontrolling members' contributions to consolidated joint venture	228	—	—
Equity contributions from general partners	515,358	120,679	56,699
Distributions to general partners	(564,127)	(528,696)	(502,603)
Distributions to limited partners	(21,294)	(23,493)	(22,626)
Redemption of Omega OP Units	—	(134)	(48)
Net cash used in financing activities	(153,959)	(410,701)	(303,815)
Effect of foreign currency translation on cash, cash equivalents and restricted cash	874	(590)	568
Increase (decrease) in cash, cash equivalents and restricted cash	21,709	(85,137)	(10,468)
Cash, cash equivalents and restricted cash at beginning of year	11,671	96,808	107,276
Cash, cash equivalents and restricted cash at end of year	$ 33,380	$ 11,671	$ 96,808

See accompanying notes.

OMEGA HEALTHCARE INVESTORS, INC. AND OHI HEALTHCARE PROPERTIES LIMITED PARTNERSHIP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Organization

Omega Healthcare Investors, Inc. ("Omega") was formed as a real estate investment trust ("REIT") and incorporated in the State of Maryland on March 31, 1992. Omega is structured as an umbrella partnership REIT ("UPREIT") under which all of Omega's assets are owned directly or indirectly by, and all of Omega's operations are conducted directly or indirectly through, its operating partnership subsidiary, OHI Healthcare Properties Limited Partnership ("Omega OP"). Omega OP was formed as a limited partnership and organized in the State of Delaware on October 24, 2014. Unless stated otherwise or the context otherwise requires, the terms the "Company," "we," "our" and "us" means Omega and Omega OP, collectively.

The Company has one reportable segment consisting of investments in healthcare-related real estate properties located in the United States ("U.S.") and the United Kingdom ("U.K."). Our core business is to provide financing and capital to the long-term healthcare industry with a particular focus on skilled nursing facilities ("SNFs"), assisted living facilities ("ALFs"), and to a lesser extent, independent living facilities ("ILFs"), and rehabilitation and acute care facilities ("specialty facilities") and medical office buildings ("MOBs"). Our core portfolio consists of long-term leases and mortgage agreements. All of our leases are "triple-net" leases, which require the operators (we use the term "operator" to refer to our tenants and mortgagors and their affiliates who manage and/or operate our properties) to pay all property-related expenses. Our mortgage revenue derives from fixed rate mortgage loans, which are secured by first mortgage liens on the underlying real estate and personal property of the mortgagor. Our other investment income derives from fixed and variable rate loans to our operators and/or their principals to fund working capital and capital expenditures. These loans, which may be either unsecured or secured by the collateral of the borrower, are classified as other investments.

Omega OP is governed by the Second Amended and Restated Agreement of Limited Partnership of OHI Healthcare Properties Limited Partnership, dated as of April 1, 2015 (the "Partnership Agreement"). Omega has exclusive control over Omega OP's day-to-day management pursuant to the Partnership Agreement. As of December 31, 2019, Omega owned approximately 97% of the issued and outstanding units of partnership interest in Omega OP ("Omega OP Units"), and other investors owned approximately 3% of the outstanding Omega OP Units.

On May 17, 2019, Omega and Omega OP completed their merger with MedEquities Realty Trust, Inc. ("MedEquities") and its subsidiary operating partnership and the general partner of its subsidiary operating partnership. Pursuant to the Agreement and Plan of Merger, as amended by the First Amendment to the Agreement and Plan of Merger, dated March 26, 2019, (the "Merger Agreement") Omega acquired MedEquities and MedEquities was merged with and into Omega (the "Merger") at the effective time of the Merger with Omega continuing as the surviving company. At the effective time, each outstanding share of MedEquities common stock was converted into the right to receive (i) 0.235 of a share of Omega common stock, plus cash in lieu of fractional shares, and (ii) $ 2.00 in cash. Pursuant to the Merger Agreement, MedEquities declared a special dividend of $0.21 per share of MedEquities common stock (the "Pre-Closing Dividend") payable to the holders of record of MedEquities common stock as of the trading day immediately prior to the closing date of the Merger, which dividend was payable following the effective time of the Merger together with the cash consideration under the Merger Agreement. For additional information see Note 3 – Properties.

Consolidation

Omega's consolidated financial statements include the accounts of (i) Omega, (ii) Omega OP, (iii) all direct and indirect wholly owned subsidiaries of Omega and (iv) other entities in which Omega or Omega OP has a majority voting interest and control. All intercompany transactions and balances have been eliminated in consolidation, and Omega's net earnings are reduced by the portion of net earnings attributable to noncontrolling interests.

Omega OP's consolidated financial statements include the accounts of (i) Omega OP, (ii) all direct and indirect wholly owned subsidiaries of Omega OP and (iii) other entities in which Omega OP has a majority voting interest and control. All intercompany transactions and balances have been eliminated in consolidation, and Omega OP's net earnings are reduced by the portion of net earnings attributable to noncontrolling interests.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurement

The Company measures and discloses the fair value of nonfinancial and financial assets and liabilities utilizing a hierarchy of valuation techniques based on whether the inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. This hierarchy requires the use of observable market data when available. These inputs have created the following fair value hierarchy:

- Level 1 - quoted prices for identical instruments in active markets;
- Level 2 - quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- Level 3 - fair value measurements derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company measures fair value using a set of standardized procedures that are outlined herein for all assets and liabilities which are required to be measured at fair value. When available, the Company utilizes quoted market prices from an independent third-party source to determine fair value and classifies such items in Level 1. In some instances where a market price is available, but the instrument is in an inactive or over-the-counter market, the Company consistently applies the dealer (market maker) pricing estimate and classifies such items in Level 2.

If quoted market prices or inputs are not available, fair value measurements are based upon valuation models that utilize current market or independently sourced market inputs, such as interest rates, option volatilities, credit spreads and/or market capitalization rates. Items valued using such internally-generated valuation techniques are classified according to the lowest level input that is significant to the fair value measurement. As a result, these items could be classified in either Level 2 or Level 3 even though there may be some significant inputs that are readily observable. Internal fair value models and techniques used by the Company include discounted cash flow and Monte Carlo valuation models.

Risks and Uncertainties

The Company is subject to certain risks and uncertainties affecting the healthcare industry as a result of healthcare legislation and growing regulation by federal, state and local governments. Additionally, we are subject to risks and uncertainties as a result of changes affecting operators of nursing home facilities due to the actions of governmental agencies and insurers to limit the rising cost of healthcare services.

Business Combinations

We record the purchase of properties to net tangible and identified intangible assets acquired and liabilities assumed at fair value. Transaction costs are expensed as incurred as part of a business combination. In making estimates of fair value for purposes of recording the purchase, we utilize a number of sources, including independent appraisals that may be obtained in connection with the acquisition or financing of the respective property and other market data. We also consider information obtained about each property as a result of our pre-acquisition due diligence, marketing and leasing activities as well as other critical valuation metrics such as current capitalization rates and discount rates used to estimate the fair value of the tangible and intangible assets acquired (Level 3). When liabilities are assumed as part of a transaction, we consider information obtained about the liabilities and use similar valuation metrics (Level 3). In some instances when debt is assumed and an identifiable active market for similar debt is present, we use market interest rates for similar debt to estimate the fair value of the debt assumed (Level 2). The Company determines fair value as follows:

- Land is determined based on third party appraisals which typically include market comparables.
- Buildings and site improvements acquired are valued using a combination of discounted cash flow projections that assume certain future revenues and costs and consider capitalization and discount rates using current market conditions as well as the residual approach.
- Furniture and fixtures are determined based on third party appraisals which typically utilize a replacement cost approach.
- Mortgages and other investments are valued using a discounted cash flow analysis, using interest rates being offered for similar loans to borrowers with similar credit ratings.
- Investments in joint ventures are valued based on the fair value of the joint ventures' assets and liabilities. Differences, if any, between the Company's basis and the joint venture's basis are generally amortized over the lives of the related assets and liabilities, and such amortization is included in the Company's share of earnings of the joint venture.
- Intangible assets and liabilities acquired are valued using a combination of discounted cash flow projections as well as other valuation techniques based on current market conditions for the intangible asset or liability being acquired. When evaluating below market leases we consider extension options controlled by the lessee in our evaluation.
- Other assets acquired and liabilities assumed are typically valued at stated amounts, which approximate fair value on the date of the acquisition.
- Assumed debt balances are valued by discounting the remaining contractual cash flows using a current market rate of interest.
- Noncontrolling interests are valued using a stock price on the acquisition date.
- Goodwill represents the purchase price in excess of the fair value of assets acquired and liabilities assumed. Goodwill is not amortized.

Asset Acquisitions

For asset acquisitions, assets acquired and liabilities assumed are recognized by allocating the cost of the acquisition, including transaction costs, to the individual assets acquired and liabilities assumed on a relative fair value basis. The fair value of the assets acquired and liabilities assumed in an asset acquisition are determined in a consistent manner with the immediately preceding "Business Combinations" section.

Variable Interest Entities

GAAP requires us to identify entities for which control is achieved through means other than voting rights and to determine which business enterprise, if any, is the primary beneficiary of variable interest entities ("VIEs"). A VIE is broadly defined as an entity with one or more of the following characteristics: (a) the total equity investment at risk is insufficient to finance the entity's activities without additional subordinated financial support; (b) as a group, the holders of the equity investment at risk lack (i) the ability to make decisions about the entity's activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; or (c) the equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity's activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. We may change our original assessment of a VIE upon subsequent events such as the modification of contractual arrangements that affects the characteristics or adequacy of the entity's equity investments at risk and the disposition of all or a portion of an interest held by the primary beneficiary.

Our variable interests in VIEs may be in the form of equity ownership, leases, guarantees and/or loans with our operators. We analyze our agreements and investments to determine whether our operators or unconsolidated joint ventures are VIEs and, if so, whether we are the primary beneficiary.

We consolidate a VIE when we determine that we are its primary beneficiary. We identify the primary beneficiary of a VIE as the enterprise that has both: (i) the power to direct the activities of the VIE that most significantly impact the entity's economic performance; and (ii) the obligation to absorb losses or the right to receive benefits of the VIE that could be significant to the entity. Factors considered in determining whether we are the primary beneficiary of an entity include: (i) our voting rights, if any; (ii) our involvement in day-to-day capital and operating decisions; (iii) our risk and reward sharing; (iv) the financial condition of the operator or joint venture and (iv) our representation on the VIE's board of directors. We perform this analysis on an ongoing basis.

As of December 31, 2019, we have not consolidated any VIEs, as we do not have the power to direct the activities of any VIEs that most significantly impact their economic performance and we do not have the obligation to absorb losses or receive benefits of the VIEs that could be significant to the entities.

Real Estate Investments and Depreciation

The costs of significant improvements, renovations and replacements, including interest are capitalized. In addition, we capitalize leasehold improvements when certain criteria are met, including when we supervise construction and will own the improvement. Expenditures for maintenance and repairs are charged to operations as they are incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives ranging from 20 to 40 years for buildings, eight to 15 years for site improvements, and three to ten years for furniture and equipment. Leasehold interests are amortized over the shorter of the estimated useful life or term of the lease.

Lease Accounting

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. In 2018, the FASB issued ASU 2018-01, *Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842*, ASU 2018-10, *Leases (Topic 842): Codification Improvements to Topic 842, Leases*, ASU 2018-11, *Leases (Topic 842): Targeted Improvements* and ASU 2018-20, *Leases (Topic 842): Narrow-Scope Improvements for Lessors*. These standards are collectively referred to herein as Topic 842. We adopted Topic 842 on January 1, 2019 using the modified retrospective method.

Lessor Accounting

Topic 842 requires lessors to account for leases using an approach that is substantially equivalent to the previous guidance for sales type leases, direct financing leases and operating leases. At the inception of the lease and over its term, we evaluate each lease to determine the proper lease classification. Certain of these leases provide our operators the contractual right to use and economically benefit from all of the physical space specified in the lease, therefore we have determined that they should be evaluated as lease arrangements.

As a lessor, our leased real estate properties are leased under provisions of single or master leases with initial terms typically ranging from 5 to 15 years, plus renewal options. As of December 31, 2019, we have determined that all but two of our leases should be accounted for as operating leases. Two leases are accounted for as direct financing leases. Under the terms of the leases, the lessee is responsible for all maintenance, repairs, taxes and insurance on the leased properties.

For leases accounted for as operating leases, we retain ownership of the asset and record depreciation expense, see “Business Combinations” and “Real Estate Investments and Depreciation” above for additional information regarding our investment in real estate leased under operating lease agreements. We also record lease revenue based on the contractual terms of the operating lease agreement which often includes annual rent escalators, see “Revenue Recognition” below for further discussion regarding the recordation of revenue on our operating leases.

For leases accounted for as direct financing leases, we record the present value of the future minimum lease payments (utilizing a constant interest rate over the term of the lease agreement) as a receivable and record interest income based on the contractual terms of the lease agreement. Certain direct financing leases include annual rent escalators; see “Revenue Recognition” below for further discussion regarding the recording of interest income on our direct financing leases. As of December 31, 2019 and 2018, we have no unamortized direct costs related to originating our direct financing leases recorded on our Consolidated Balance Sheets.

Lessee Accounting

At the inception of the lease and over its term, we evaluate each lease to determine the proper lease classification. Certain of these leases provide us the contractual right to use and economically benefit from all of the space specified in the lease. Therefore, we have determined that they should be evaluated as lease arrangements.

As a lessee, the Company is party to ground and/or facility leases which are classified as operating leases. Substantially all of our operating leases contain provisions for specified annual increases over the rents of the prior year and are generally computed in one of three methods depending on the specific provisions of each lease as follows: (i) a specific annual increase over the prior year’s rent, generally between 1.0% and 3.0%; (ii) an increase based on the change in pre-determined formulas from year to year (e.g., increases in the Consumer Price Index); or (iii) specific dollar increases over prior years. The initial terms of our ground leases range between 10 years and 100 years. Our office leases have initial terms of approximately 10 years. Certain leases have options to extend, terminate or purchase the asset and have been considered in our analysis of the lease term and the measurement of the right-of-use assets and lease liabilities. The discount rate utilized in forming the basis of our right of use assets and lease liabilities approximates our cost of debt. We have not recognized a right of use asset and/or lease liability for leases with terms of 12 months or less and without an option to purchase the underlying asset.

On a monthly basis, we remeasure our lease liabilities at the present value of the future lease payments using the discount rate determined at lease commencement. Rental expense from operating leases is generally recognized on a straight-line basis over the lease term.

We do not include in our measurement of our lease liability certain variable payments, including changes in an index until the specific events that trigger the variable payments have occurred.

As a lessee, certain of our operating leases contain non-lease components, such as our proportionate share of common area expenses. We have determined that all of our operating leases qualify for the practical expedient to not separate the lease and non-lease components because (i) the lease components are operating leases and (ii) the timing and pattern of recognition of the non-lease components are the same as the lease components. We apply Topic 842 to the combined component. Lease expense derived from our operating leases is recorded in general and administrative in our Consolidated Statements of Operations.

In-Place Leases

In-place lease assets and liabilities result when we assume a lease as part of a facility purchase or business combination. The fair value of in-place leases consists of the following components, as applicable (1) the estimated cost to replace the leases and (2) the above or below market cash flow of the leases, determined by comparing the projected cash flows of the leases in place at the time of acquisition to projected cash flows of comparable market-rate leases.

Above market leases, net of accumulated amortization, are included in other assets on our Consolidated Balance Sheets. Below market leases, net of accumulated amortization, are included in accrued expenses and other liabilities on our Consolidated Balance Sheets. The net amortization related to the above and below market leases is included in our Consolidated Statements of Operations as an adjustment to rental income over the estimated remaining term of the underlying leases. Should a tenant terminate the lease, the unamortized portion of the lease intangible is recognized immediately as an adjustment to rental income.

Real Estate Investment Impairment

Management evaluates our real estate investments for impairment indicators at each reporting period, including the evaluation of our assets' useful lives. The judgment regarding the existence of impairment indicators is based on factors such as, but not limited to, market conditions, operator performance including the current payment status of contractual obligations and expectations of the ability to meet future contractual obligations, legal structure, as well as our intent with respect to holding or disposing of the asset. If indicators of impairment are present, management evaluates the carrying value of the related real estate investments in relation to management's estimate of future undiscounted cash flows of the underlying facilities. The estimated future undiscounted cash flows are generally based on the related lease which relates to one or more properties and may include cash flows from the eventual disposition of the asset. In some instances, there may be various potential outcomes for a real estate investment and its potential future cash flows. In these instances, the undiscounted future cash flows used to assess the recoverability are probability-weighted based on management's best estimates as of the date of evaluation. Provisions for impairment losses related to long-lived assets are recognized when expected future undiscounted cash flows based on our intended use of the property are determined to be less than the carrying values of the assets. An adjustment is made to the net carrying value of the real estate investments for the excess of carrying value over fair value. The fair value of the real estate investment is determined based on current market conditions and consider matters such as rental rates and occupancies for comparable properties, recent sales data for comparable properties, and, where applicable, contracts or the results of negotiations with purchasers or prospective purchasers. Additionally, our evaluation of fair value may consider valuing the property as a nursing home or other healthcare facility as well as alternative uses. All impairments are taken as a period cost at that time, and depreciation is adjusted going forward to reflect the new value assigned to the asset. Management's impairment evaluation process, and when applicable, impairment calculations involve estimation of the future cash flows from management's intended use of the property as well as the fair value of the property. Changes in the facts and circumstances that drive management's assumptions may result in an impairment to the Company's assets in a future period that could be material to the Company's results of operations.

For the years ended December 31, 2019, 2018 and 2017, we recognized impairment on real estate properties of $ 45.3 million, $29.8 million and $99.1 million, respectively.

Allowance for Losses on Mortgages, Other Investments and Direct Financing Leases

The allowances for losses on mortgage notes receivable, other investments and direct financing leases (collectively, our "loans") are maintained at a level believed adequate to absorb potential losses. The determination of the allowances is based on a quarterly evaluation of these loans, including general economic conditions and estimated collectability of loan payments. We evaluate the collectability of our loans receivable based on a combination of factors, including, but not limited to, delinquency status, financial strength of the borrower and guarantors and the value of the underlying collateral. If such factors indicate that there is greater risk of loan charge-offs, additional allowances or placement on non-accrual status may be required. A loan is impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due as scheduled according to the contractual terms of the loan agreements. Consistent with this definition, all loans on non-accrual status may be deemed impaired. To the extent circumstances improve and the risk of collectability is diminished, we will return these loans to full accrual status. When management identifies potential loan impairment indicators, the loan is written down to the present value of the expected future cash flows. In cases where expected future cash flows are not readily determinable, the loan is written down to the fair value of the underlying collateral. We may base our valuation on a loan's observable market price, if any, or the fair value of collateral, net of sales costs, if the repayment of the loan is expected to be provided solely by the sale of the collateral.

We account for impaired loans and direct financing leases using (a) the cost-recovery method, and/or (b) the cash basis method. We generally utilize the cost-recovery method for impaired loans or direct financing leases for which impairment reserves were recorded. We utilize the cash basis method for impaired loans or direct financing leases for which no impairment reserves were recorded because the net present value of the discounted cash flows expected under the loan or direct financing lease and/or the underlying collateral supporting the loan or direct financing lease were equal to or exceeded the book value of the loans or direct financing leases. Under the cost-recovery method, we apply cash received against the outstanding loan balance or direct financing lease prior to recording interest income. Under the cash basis method, we apply cash received to principal or interest income based on the terms of the agreement. As of December 31, 2019 and 2018, we had $5.1 million and $108.1 million, respectively, of reserves on our loans.

Investments in Unconsolidated Joint Ventures

We account for our investments in unconsolidated joint ventures using the equity method of accounting as we exercise significant influence, but do not control the entities. The accounting policies for the unconsolidated joint ventures are the same as those of the Company.

Under the equity method of accounting, the net equity investments of the Company are reflected in the accompanying Consolidated Balance Sheets and the Company's share of net income and comprehensive income from the joint ventures are included in the accompanying Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income, respectively.

On a periodic basis, management assesses whether there are any indicators that the value of the Company's investments in the unconsolidated joint ventures may be other-than-temporarily-impaired. An investment is impaired only if management's estimate of the value of the investment is less than the carrying value of the investment, and such a decline in value is deemed to be other than-temporary. To the extent impairment has occurred, the loss is measured as the excess of the carrying amount of the investment over the estimated fair value of the investment. The estimated fair value of the investment is determined using a discounted cash flow model which is a Level 3 valuation. We consider a number of assumptions that are subject to economic and market uncertainties including, among others, rental rates, operating costs, capitalization rates, holding periods and discount rates.

No impairment loss on our investments in unconsolidated joint ventures was recognized during the years ended December 31, 2019, 2018, or 2017.

Assets Held for Sale

We consider properties to be assets held for sale when (1) management commits to a plan to sell the property; (2) it is unlikely that the disposal plan will be significantly modified or discontinued; (3) the property is available for immediate sale in its present condition; (4) actions required to complete the sale of the property have been initiated; (5) sale of the property is probable and we expect the completed sale will occur within one year; and (6) the property is actively being marketed for sale at a price that is reasonable given our estimate of current market value. Upon designation of a property as an asset held for sale, we record the property's value at the lower of its carrying value or its estimated fair value, less estimated costs to sell, and we cease depreciation.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments with a maturity date of three months or less when purchased. These investments are stated at cost, which approximates fair value. The majority of our cash, cash equivalents and restricted cash are held at major commercial banks. Certain cash account balances exceed FDIC insurance limits of $250,000 per account and, as a result, there is a concentration of credit risk related to amounts in excess of the insurance limits. We regularly monitor the financial stability of these financial institutions and believe that we are not exposed to any significant credit risk in cash, cash equivalents or restricted cash.

Restricted Cash

Restricted cash consists primarily of liquidity deposits escrowed for tenant obligations required by us pursuant to certain contractual terms and other deposits required by the U.S. Department of Housing and Urban Development ("HUD") in connection with our mortgage borrowings guaranteed by HUD.

Contractual Receivables and Other Receivables and Lease Inducements

Contractual receivables relate to the amounts currently owed to us under the terms of our lease and loan agreements. Effective yield interest receivables relate to the difference between the interest income recognized on an effective yield basis over the term of the loan agreement and the interest currently due to us according to the contractual agreement. Straight-line rent receivables relate to the difference between the rental revenue recognized on a straight-line basis and the amounts currently due to us according to the contractual agreement. Lease inducements result from value provided by us to the lessee, at the inception, modification or renewal of the lease, and are amortized as a reduction of rental income over the non-cancellable lease term.

We assess the probability of collecting substantially all payments under our leases based on several factors, including, among other things, payment history of the lessee, the financial strength of the lessee and any guarantors, historical operations and operating trends and current and future economic conditions and expectations of performance. If our evaluation of these factors indicates it is probable that we will be unable to collect substantially all rents, we recognize a charge to rental income and limit our rental income to the lesser of lease income on a straight-line basis plus variable rents when they become accruable or cash collected. If we change our conclusion regarding the probability of collecting rent payments required by a lessee, we may recognize an adjustment to rental income in the period we make a change to our prior conclusion.

On a quarterly basis, and more frequently as appropriate, we review our contractual interest receivables, effective yield interest receivables and direct financing lease receivables to determine their collectability. The determination of collectability of these assets requires significant judgment and is affected by several factors relating to the credit quality of our operators that we regularly monitor, including (i) payment history, (ii) the age of the contractual receivables, (iii) the current economic conditions and reimbursement environment, (iv) the ability of the operator to perform under the terms of their lease and/or contractual loan agreements and (v) the value of the underlying collateral of the agreement, if any.

For a loan recognized on an effective yield basis or a direct financing lease, we generally provide an allowance for effective interest or income from direct financing leases when certain conditions or indicators of adverse collectability are present. If these accounts receivable balances are subsequently deemed uncollectible, the receivable and allowance for doubtful account balance are written off.

A summary of our net receivables and inducements by type is as follows:

	December 31,	
	2019	2018
	(in thousands)	
Contractual receivables	$ 27,122	$ 34,901
Allowance	—	(1,075)
Contractual receivables – net	$ 27,122	$ 33,826
Effective yield interest receivables	$ 12,914	$ 12,741
Straight-line rent receivables	275,549	251,166
Lease inducements	92,628	49,644
Other receivables and lease inducements	$ 381,091	$ 313,551

In 2019, we wrote-off approximately $11.1 million of contractual receivables, straight-line rent receivables and lease inducements to rental income, of which $9.9 million resulted from placing five operators on a cash-basis due to changes in our evaluation of the collectability of future rent payments due under the respective lease agreements. The remaining $1.2 million write-off of straight-line rent receivables to rental income resulted from transitioning a facility to another existing operator. In 2019, we paid certain operators $50.8 million which were accounted for as lease inducements that are amortized as a reduction to rental income over the remaining term of the lease. Of the $50.8 million, $15.0 million was paid to Genesis Healthcare, Inc. and $ 35.8 million was paid to seven other existing operators.

In 2018, we paid an existing operator approximately $ 50 million in exchange for a reduction of such operator's participation in an in-the-money purchase option. As a result, we recorded an approximate $28 million lease inducement that is being amortized as a reduction to rental income over the remaining term of the lease. The remaining $22 million was recorded as a reduction to our initial contingent liability. Our initial contingent liability was recorded in our merger with Aviv REIT, Inc. and included in accrued expenses and other liabilities on our Consolidated Balance Sheets.

In 2018, we wrote-off approximately $11.5 million of straight-line rent receivables and contractual receivables to provision for uncollectible accounts, as a result of facility transitions and placing an operator on a cash basis. The provision for uncollectible accounts was offset by a recovery of approximately $4.8 million.

In 2017, we recorded a provision for uncollectible accounts of approximately $ 9.3 million related to contractual and straight-line rent receivables for one of our operators and approximately $4.1 million of provision for uncollectible accounts, net of recoveries related to contractual and straight-line receivables of other operators and/or facilities that we intend to exit or transition.

Goodwill Impairment

We assess goodwill for potential impairment during the fourth quarter of each fiscal year, or during the year if an event or other circumstance indicates that we may not be able to recover the carrying amount of the net assets of the reporting unit. In evaluating goodwill for impairment on an interim basis, we assess qualitative factors such as a significant decline in real estate valuations, current macroeconomic conditions, state of the equity and capital markets and our overall financial and operating performance or a significant decline in the value of our market capitalization, to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of the reporting unit is less than its carrying amount. On an annual basis during the fourth quarter of each fiscal year, or on an interim basis if we conclude it is more likely than not that the fair value of the reporting unit is less than its carrying value, we perform a two-step goodwill impairment test to identify potential impairment and measure the amount of impairment we will recognize, if any. The goodwill is not deductible for tax purposes.

In the first step of the two-step goodwill impairment test ("Step 1"), we compare the fair value of the reporting unit to its net book value, including goodwill. As the Company has only one reporting unit, the fair value of the reporting unit is determined by reference to the market capitalization of the Company as determined through quoted market prices and adjusted for other relevant factors. A potential impairment exists if the fair value of the reporting unit is lower than its net book value. The second step ("Step 2") of the process is only performed if a potential impairment exists, and it involves determining the difference between the fair value of the reporting unit's net assets other than goodwill and the fair value of the reporting unit. If the difference is less than the net book value of goodwill, impairment exists and is recorded. The Company has not been required to perform Step 2 of the process because the fair value of the reporting unit has significantly exceeded its book value at the measurement date. There was no impairment of goodwill during 2019, 2018, or 2017.

Income Taxes

Omega and its wholly owned subsidiaries were organized to qualify for taxation as a REIT under Section 856 through 860 of the Internal Revenue Code ("Code"). As long as we qualify as a REIT; we will not be subject to federal income taxes on the REIT taxable income that we distributed to stockholders, subject to certain exceptions. However, with respect to certain of our subsidiaries that have elected to be treated as taxable REIT subsidiaries ("TRSs"), we record income tax expense or benefit, as those entities are subject to federal income tax similar to regular corporations. Omega OP is a pass-through entity for United States federal income tax purposes.

We account for deferred income taxes using the asset and liability method and recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in our financial statements or tax returns. Under this method, we determine deferred tax assets and liabilities based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Any increase or decrease in the deferred tax liability that results from a change in circumstances, and that causes us to change our judgment about expected future tax consequences of events, is included in the tax provision when such changes occur. Deferred income taxes also reflect the impact of operating loss and tax credit carryforwards. A valuation allowance is provided if we believe it is more likely than not that all or some portion of the deferred tax asset will not be realized. Any increase or decrease in the valuation allowance that results from a change in circumstances, and that causes us to change our judgment about the realizability of the related deferred tax asset, is included in the tax provision when such changes occur.

We are subject to certain state and local income tax, franchise taxes and foreign taxes. The expense associated with these taxes are included in income tax expense on the Consolidated Statements of Operations.

Revenue Recognition

On January 1, 2018, we adopted ASU 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09") and its subsequent updates using a modified retrospective approach. As a result of adopting ASU 2014-09, we recognize gains related to the sale of real estate when we transfer control of the property and when it is probable that we will collect substantially all of the related consideration. As a result of adopting ASU 2014-09 and its updates on January 1, 2018, the Company recognized $10.0 million of deferred gain resulting from the sale of facilities to a third-party in December 2017 through opening equity on January 1, 2018.

We have various investments that generate revenue, including leased and mortgaged properties, as well as other investments, which include secured and unsecured loans.

Rental income

Substantially all of our operating leases contain provisions for specified annual increases over the rents of the prior year and are generally computed in one of three methods depending on the specific provisions of each lease as follows: (i) a specific annual increase over the prior year's rent, generally between 2.0% and 3.0%; (ii) an increase based on the change in pre-determined formulas from year to year (e.g., increases in the Consumer Price Index); or (iii) specific dollar increases over prior years. Rental income from operating leases is generally recognized on a straight-line basis over the lease term when we have determined that the collectibility of substantially all of the lease payments is probable. If we determine that it is not probable that substantially all of the lease payments will be collected, we account for the revenue under the lease on a cash basis. Changes in the assessment of probability are accounted for on a cumulative basis as if the lease had always been accounted for based on the current determination of the likelihood of collection potentially resulting in increased volatility of rental revenue. Some of our leases have options to extend, terminate or purchase the facilities, which are considered when determining the lease term. We do not include in our measurement of our lease receivables certain variable payments, including changes in an index until the specific events that trigger the variable payments have occurred.

Certain of our operating leases require the operators to reimburse us for property taxes and other expenditures that are not considered components of the lease and therefore no consideration is allocated to them as they do not result in the transfer of a good or service to the operators. We have determined that all of our leases qualify for the practical expedient to not separate the lease and non-lease components because (i) the lease components are operating leases and (ii) the timing and pattern of recognition of the non-lease components are the same as the lease components. We apply Topic 842 to the combined component. Income derived from our leases is recorded in rental income in our Consolidated Statements of Operations. Prior to the adoption of Topic 842, we did not include amounts for property taxes and other expenditures in rental income.

Certain tenants are obligated to pay directly their obligations under their leases for real estate taxes, insurance and certain other expenses. These obligations, which have been assumed by the tenants under the terms of their respective leases, are not reflected in our consolidated financial statements. To the extent any tenant responsible for these obligations under their respective lease defaults on its lease or if it is deemed probable that the tenant will fail to pay for such costs, we would record a liability for such obligation.

We have elected to exclude sales and other similar taxes from the measurement of lease revenue and expense.

Income from direct financing leases

We record direct financing lease income on a constant interest rate basis over the term of the lease. Costs related to originating direct financing leases are deferred and amortized on a straight-line basis as a reduction to income from direct financing leases over the term of the direct financing leases.

Mortgage interest income and other investment income

Mortgage interest income and other investment income is recognized as earned over the terms of the related mortgage notes or other investment. Interest income is recorded on an accrual basis to the extent that such amounts are expected to be collected using the effective interest method. In applying the effective interest method, the effective yield on a loan is determined based on its contractual payment terms, adjusted for prepayment terms.

Stock-Based Compensation

We recognize stock-based compensation expense adjusted for estimated forfeitures to employees and directors, in general and administrative in our Consolidated Statements of Operations on a straight-line basis over the requisite service period of the awards.

Deferred Financing Costs and Original Issuance Premium and/or Discounts for Debt Issuance

External costs incurred from the placement of our debt are capitalized and amortized on a straight-line basis over the terms of the related borrowings which approximates the effective interest method. Deferred financing costs related to our revolving line of credit are included in other assets on our Consolidated Balance Sheets and deferred financing costs related to our other borrowings are included as a direct deduction from the carrying amount of the related liability on our Consolidated Balance Sheets. Original issuance premium or discounts reflect the difference between the face amount of the debt issued and the cash proceeds received and are amortized on a straight-line basis over the term of the related borrowings. All premiums and discounts are recorded as an addition to or reduction from debt on our Consolidated Balance Sheets. Amortization of deferred financing costs and original issuance premiums or discounts totaled $9.6 million, $9.0 million and $9.5 million in 2019, 2018 and 2017, respectively, and are classified as interest - amortization of deferred financing costs on our Consolidated Statements of Operations. When financings are terminated, unamortized deferred financing costs and unamortized premiums or discounts, as well as charges incurred for the termination, are recognized as expense or income at the time the termination is made. Gains and losses from the extinguishment of debt are presented in interest-refinancing costs on our Consolidated Statements of Operations.

Earnings Per Share/Unit

The computation of basic earnings per share/unit ("EPS" or "EPU") is computed by dividing net income available to common stockholders/Omega OP Unit holders by the weighted-average number of shares of common stock/Omega OP Units outstanding during the relevant period. Diluted EPS/EPU is computed using the treasury stock method, which is net income divided by the total weighted-average number of common outstanding shares/Omega OP Units plus the effect of dilutive common equivalent shares/units during the respective period. Dilutive common shares/Omega OP Units reflect the assumed issuance of additional common shares pursuant to certain of our share-based compensation plans, including restricted stock and profit interest units, performance restricted stock and profit interest units, the assumed issuance of additional shares related to Omega OP Units held by outside investors and the effect of our forward equity agreement. Dilutive Omega OP Units reflect the assumed issuance of additional Omega OP Units pursuant to certain of our share-based compensation plans, including, restricted stock and profit interest units, performance restricted stock and profit interest units and the effect of our forward equity agreement.

Redeemable Limited Partnership Unitholder Interests and Noncontrolling Interests

Each of the Omega OP Units (other than the Omega OP Units owned by Omega) is redeemable at the election of the Omega OP Unit holder for cash equal to the then-fair market value of one share of Omega common stock, par value $0.10 per share ("Omega Common Stock"), subject to Omega's election to exchange the Omega OP Units tendered for redemption for unregistered shares of Omega Common Stock on a one-for-one basis, subject to adjustment as set forth in the Partnership Agreement. As of December 31, 2019, Omega owns approximately 97% of the issued and outstanding Omega OP Units, and investors own approximately 3% of the outstanding Omega OP Units.

Noncontrolling Interests

Noncontrolling interests is the portion of equity not attributable to the respective reporting entity. We present the portion of any equity that we do not own in consolidated entities as noncontrolling interests and classify those interests as a component of total equity, separate from total stockholders' equity or owners' equity on our Consolidated Balance Sheets. We include net income attributable to the noncontrolling interests in net income in our Consolidated Statements of Operations.

As our ownership of a controlled subsidiary increases or decreases, any difference between the aggregate consideration paid to acquire the noncontrolling interests and our noncontrolling interest balance is recorded as a component of equity in additional paid-in capital, so long as we maintain a controlling ownership interest.

The noncontrolling interest for Omega represents the outstanding Omega OP Units held by outside investors and interests in a consolidated real estate joint venture not fully owned by Omega.

The noncontrolling interest for Omega OP represents outside investors interests in a consolidated real estate joint venture not fully owned by Omega OP.

Foreign Operations

The U.S. dollar ("USD") is the functional currency for our consolidated subsidiaries operating in the U.S. The functional currency for our consolidated subsidiaries operating in the U.K. is the British Pound ("GBP"). For our consolidated subsidiaries whose functional currency is not the USD, we translate their financial statements into the USD. We translate assets and liabilities at the exchange rate in effect as of the financial statement date. Revenue and expense accounts are translated using an average exchange rate for the period. Gains and losses resulting from translation are included in Omega OP's owners' equity and Omega's accumulated other comprehensive loss ("AOCL"), as a separate component of equity and a proportionate amount of gain or loss is allocated to noncontrolling interests, if applicable.

We and certain of our consolidated subsidiaries may have intercompany and third-party debt that is not denominated in the entity's functional currency. When the debt is remeasured against the functional currency of the entity, a gain or loss can result. The resulting adjustment is reflected in results of operations, unless it is intercompany debt that is deemed to be long-term in nature in which case the adjustments are included in Omega OP's owners' equity and Omega's AOCL and a proportionate amount of gain or loss is allocated to noncontrolling interests, if applicable.

Derivative Instruments

Cash flow hedges

During our normal course of business, we may use certain types of derivative instruments for the purpose of managing interest rate and currency risk. To qualify for hedge accounting, derivative instruments used for risk management purposes must effectively reduce the risk exposure that they are designed to hedge. In addition, at the inception of a qualifying cash flow hedging relationship, the underlying transaction or transactions, must be, and are expected to remain, probable of occurring in accordance with the Company's related assertions. The Company recognizes all derivative instruments, including embedded derivatives required to be bifurcated, as assets or liabilities on the Consolidated Balance Sheets at fair value which is determined using a market approach and Level 2 inputs. Changes in the fair value of derivative instruments that are not designated in hedging relationships or that do not meet the criteria of hedge accounting are recognized in earnings. For derivatives designated in qualifying cash flow hedging relationships, the gain or loss on the derivative is recognized in Omega OP's owners' equity and Omega's AOCL as a separate component of equity and a proportionate amount of gain or loss is allocated to noncontrolling interest, if applicable. We formally document all relationships between hedging instruments and hedged items, as well as our risk-management objectives and strategy for undertaking various hedge transactions. This process includes designating all derivatives that are part of a hedging relationship to specific forecasted transactions as well as recognized liabilities or assets on the Consolidated Balance Sheets. We also assess and document, both at inception of the hedging relationship and on a quarterly basis thereafter, whether the derivatives are highly effective in offsetting the designated risks associated with the respective hedged items. If it is determined that a derivative ceases to be highly effective as a hedge, or that it is probable the underlying forecasted transaction will not occur, we discontinue hedge accounting prospectively and record the appropriate adjustment to earnings based on the current fair value of the derivative. As a matter of policy, we do not use derivatives for trading or speculative purposes. At December 31, 2019, $3.7 million of qualifying cash flow hedges were recorded at fair value in accrued expenses and other liabilities on our Consolidated Balance Sheet. At December 31, 2018, $4.0 million of qualifying cash flow hedges were recorded at fair value in other assets on our Consolidated Balance Sheet.

Net investment hedge

The Company is exposed to fluctuations in the GBP against its functional currency, the USD, relating to its investments in healthcare-related real estate properties located in the U.K. The Company uses a nonderivative, GBP-denominated term loan to manage its exposure to fluctuations in the GBP-USD exchange rate. The foreign currency transaction gain or loss on the nonderivative hedging instrument that is designated and qualifies as a net investment hedge is reported in Omega OP's owners' equity and Omega's AOCL in our Consolidated Balance Sheets.

Reclassification

Contractual receivables – net and Other receivables and lease inducements have been reclassified to conform to the current period presentation.

Accounting Pronouncements Adopted in 2019

Topic 842 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). Topic 842 requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase of the leased asset by the lessee. This classification will determine whether the lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. Topic 842 requires lessors to account for leases using an approach that is substantially equivalent to the previous guidance for sales type leases, direct financing leases and operating leases. Topic 842 was adopted by us on January 1, 2019 using the modified retrospective method. Upon adoption, we applied the package of practical expedients that allowed us to not reassess (i) whether any expired or existing contracts are or contain leases, (ii) lease classification for any expired or existing leases and (iii) initial direct costs for any expired or existing leases. Furthermore, we applied the optional transition method, which allowed us to initially apply Topic 842 at the adoption date and recognize a cumulative effect adjustment to the opening balance of equity in the period of adoption. During the year ended December 31, 2019, we made an adjustment of approximately $8.5 million to the equity balance to reflect our assessment of the collectability of certain operator's future contractual lease payments based on the facts and circumstances that existed as of January 1, 2019.

In addition, provisions for uncollectible lease payments are recognized as a direct reduction to rental income. Prior to our adoption of Topic 842, provisions for uncollectible lease payments were recorded in provision for uncollectible accounts on our Consolidated Statements of Operations and were not reclassified to conform to the current period presentation.

Upon adoption of Topic 842, we recorded total initial non-cash right of use assets and lease liabilities of approximately $ 11.1 million. We also began recording variable lease payments as rental income and real estate tax expense for those facilities' property taxes that we pay directly and are reimbursed by our operators. For the year ended December 31, 2019, we recorded $12.1 million of rental income and $14.9 million of real estate tax expense in our Consolidated Statement of Operations. We also began recording rental income and ground lease expense for those assets we lease and are reimbursed by our operators and/or are paid for directly by our operators. For the year ended December 31, 2019, we recorded $0.8 million of rental income and $ 1.2 million of ground lease expense in our Consolidated Statement of Operations.

OMEGA HEALTHCARE INVESTORS, INC. AND OHI HEALTHCARE PROPERTIES LIMITED PARTNERSHIP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – Continued

At December 31, 2019, our leased real estate properties, included 784 SNFs, 114 ALFs, 28 specialty facilities and two MOBs.

	Year Ended December 31, 2019
	(in thousands)
Interest income – direct financing leases	$ 1,036
Rental income – operating leases	792,010
Variable lease income – operating leases	12,066
Total lease income	$ 804,076
Real estate tax expense	$ 14,933
General and administrative – ground lease expense	1,208
Total	$ 16,141

The following amounts reflect the estimated contractual rents due to us for the remainder of the initial terms of our operating leases as of December 31, 2019:

	(in thousands)
2020	$ 864,027
2021	884,432
2022	866,163
2023	860,369
2024	866,551
Thereafter	4,944,117
Total	$ 9,285,659

As of December 31, 2019, the Company is a lessee under ground and/or facility leases related to 11 SNFs and two offices.

	December 31, 2019
	(in thousands)
Other assets - right of use assets	$ 17,533
Accrued expenses and other liabilities – lease liabilities	$ 18,033

	Year Ended December 31, 2019 (in thousands)
Operating lease cost	
Lease expense	$ 2,110
Variable lease expense	129
Total lease expense	$ 2,239
Rental income – ground lease income	$ 842
Cash paid for amounts included in the measurement of lease liabilities	$ 1,949
Weighted average remaining lease term (in years)	28
Weighted average discount rate	5.25%

The following amounts reflect the maturities of our operating lease liabilities as of December 31, 2019:

	Future Rental Payments	Accretion of Lease Liability	Total
2020	$ 1,847	$ (929)	$ 918
2021	1,878	(879)	999
2022	1,922	(824)	1,098
2023	1,967	(764)	1,203
2024	2,012	(699)	1,313
Thereafter	34,002	(21,500)	12,502
Total	$ 43,628	$ (25,595)	$ 18,033

Recent Accounting Pronouncements - Pending Adoption

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326) ("ASU 2016-13"), which changes the impairment model for most financial assets. The new model uses a forward-looking expected loss method, which will generally result in earlier recognition of allowances for credit losses. The measurement of expected credit losses is based upon historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU 2016-13 is effective for annual and interim periods beginning after December 15, 2019. ASU 2016-13 specifically excludes from its scope receivables arising from operating leases accounted for under Topic 842. We plan to adopt ASU 2016-13 on January 1, 2020 using the modified retrospective approach. Therefore, financial information and disclosures under ASU 2016-13 will not be provided for periods prior to January 1, 2020. We are in the process of finalizing a company-wide governance structure, which provides implementation oversight to develop a credit loss methodology compliant with the standard. Our methodology includes consideration of historical losses, the credit profiles of our borrowers and/or lessees, and reasonable and supportable forecasts with respect to expected credit losses over the life of the asset. Certain of the Company's financial assets which are not currently reserved for are within the scope of ASU 2016-13. These financial assets primarily include our investments in direct financing leases, mortgages notes receivable and other investments. We continue to evaluate the initial and subsequent impacts of adopting ASU 2016-13 on our consolidated financial statements.

NOTE 3 – PROPERTIES

Leased Property

Our leased real estate properties, represented by 782 SNFs, 114 ALFs, 28 specialty facilities and two medical office buildings at December 31, 2019, are leased under provisions of single or master operating leases. Also see Note 4 – Direct Financing Leases for information regarding additional properties accounted for as direct financing leases.

A summary of our investment in leased real estate properties is as follows:

	December 31, 2019	December 31, 2018
	(in thousands)	
Buildings	$ 7,056,106	$ 6,056,820
Land	901,246	786,174
Furniture and equipment	515,421	447,610
Site improvements	287,655	250,917
Construction in progress	225,566	204,889
Total real estate investments	8,985,994	7,746,410
Less accumulated depreciation	(1,787,425)	(1,562,619)
Real estate investments – net	$ 7,198,569	$ 6,183,791

For the years ended December 31, 2019, 2018 and 2017, we capitalized $ 13.9 million, $11.1 million and $ 8.0 million, respectively, of interest to our projects under development.

2019 Acquisitions and Other

The following tables summarize the significant transactions that occurred in 2019:

Period	Number of Facilities SNF	ALF	Specialty	MOB	Country/ State	Total Investment	Land	Building & Site Improvements	Furniture & Equipment	Initial Annual Cash Yield(1)
						(in millions)				
Q1	1	—	—	—	OH	$ 11.9 (3)	$ 1.1	$ 10.1	$ 0.7	12.00 %
Q2	20	1	11	1	CA, CT, IN, NV, SC, TN, TX	421.6 (2)	40.1	368.9	12.6	10.27 %
Q2	7	1	3	—	PA, VA	131.8 (3)	9.9	112.7	9.2	9.35 %
Q3	3	—	—	—	NC, VA	24.9	4.2	18.6	2.1	9.50 %
Q4	58	2	—	—	FL, ID, KY, LA, MS, MO, MT, NC	735.2	61.5	619.4	54.3	8.71 %
Total	89	4	14	1		$ 1,325.4	$ 116.8	$ 1,129.7	$ 78.9	

(1) Initial annual cash yield reflects the initial annual cash rent divided by the purchase price.
(2) The acquisition was accounted for as a business combination. The Company estimated the fair value of the real estate investments acquired on the acquisition date based on certain valuation analyses that have yet to be finalized, and accordingly, the real estate investments acquired, as detailed, are subject to adjustment once the analysis is completed which will be completed within the allowable measurement period. The other acquisitions were accounted for as asset acquisitions.
(3) Acquired via a deed-in-lieu of foreclosure.

During 2019, we acquired one parcel of land (not reflected in the table above) for approximately $ 10.7 million with the intent of building a new facility for an existing operator.

Encore Portfolio Acquisition

On October 31, 2019, we completed the $ 757 million portfolio acquisition of 60 facilities (the "Encore Portfolio"). Consideration consisted of approximately $369 million of cash and the assumption of approximately $ 389 million in mortgage loans guaranteed by HUD. See Note 13 – Borrowing Arrangements for additional information.

The following table highlights the fair value of the assets acquired and liabilities assumed on October 31, 2019:

		(in thousands)
Fair value of net assets acquired:		
Real estate investments	$	735,182
Other investments		600
Contractual receivables		2,216
Cash		227
Other assets		28,173
Total investments		766,398
Secured borrowings		(388,627)
Accrued expenses and other liabilities		(8,978)
Fair value of net assets acquired	$	368,793

MedEquities Merger

On May 17, 2019, Omega and Omega OP completed the MedEquities Merger. In accordance with the Merger Agreement, each share of MedEquities common stock issued and outstanding immediately prior thereto was converted into the right to receive (i) 0.235 of a share of Omega common stock plus the right to receive cash in lieu of any fractional shares of Omega common stock, and (ii) an amount in cash equal to $2.00 (the "Cash Consideration"). In connection with the MedEquities Merger, we issued approximately 7.5 million shares of Omega common stock and paid approximately $63.7 million of cash consideration to former MedEquities stockholders. We borrowed approximately $350 million under our existing senior unsecured revolving credit facility to fund the cash consideration and the repayment of MedEquities' previously outstanding debt. As a result of the MedEquities Merger, we acquired 33 facilities subject to operating leases, four mortgages, three other investments and an investment in an unconsolidated joint venture. We also acquired other assets and assumed debt and other liabilities. Based on the closing price of our common stock on May 16, 2019, the fair value of the consideration exchanged approximated $346 million.

The following table highlights the preliminary fair value of the assets acquired and liabilities assumed on May 17, 2019:

		(in thousands)
Fair value of net assets acquired:		
Real estate investments [3]	$	421,600
Mortgage notes receivable (see Note 5)		108,097
Other investments		19,192
Investment in unconsolidated joint venture		73,834
Cash		4,067
Contractual receivables		1,461
Other assets [1] [3]		32,819
Total investments		661,070
Debt		(285,100)
Accrued expenses and other liabilities [2][3]		(30,421)
Fair value of net assets acquired	$	345,549

(1) Includes approximately $26.8 million in above market lease assets.
(2) Includes approximately $7.5 million in below market lease liabilities.
(3) With the exception of real estate investments, above market lease assets and below market lease liabilities, the fair value estimates above are final.

The MedEquities facilities acquired in 2019 are included in our results of operations from the date of acquisition. For the period from May 17, 2019 through December 31, 2019, we recognized approximately $35.2 million of total revenue from the assets acquired in connection with the MedEquities Merger. For the year ended December 31, 2019, we incurred approximately $5.1 million of acquisition and merger related costs associated with the MedEquities Merger.

Pro Forma Acquisition Results

The following unaudited pro forma information presents consolidated financial information as if the MedEquities Merger occurred on January 1, 2018. In the opinion of management, all significant necessary adjustments to reflect the effect of the merger have been made. The following pro forma information is not indicative of future operations.

	Pro Forma			
	Year Ended December 31,			
	2019		2018	
	(in thousands, except per share amounts, unaudited)			
Pro forma revenues	$	950,318	$	938,782
Pro forma net income	$	362,220	$	321,232
Earnings per share – diluted:				
Net income – as reported	$	1.58	$	1.40
Net income – pro forma	$	1.60	$	1.48

2018 Acquisitions and Other

Period	Number of Facilities SNF	Number of Facilities ALF/ILF	Country/ State	Total Investment(4) (in millions)	Land (in millions)	Building & Site Improvements (in millions)	Furniture & Equipment (in millions)	Initial Annual Cash Yield(3)
Q1	—	1	UK	$ 4.0 (1)	$ 0.9	$ 2.9	$ 0.2	8.50 %
Q1	—	1	UK	5.7 (2)	1.4	4.1	0.2	8.50 %
Q1	1	—	PA	7.4	1.6	5.4	0.4	9.50 %
Q1	1	—	VA	13.2	2.4	10.5	0.3	9.50 %
Q2	5	—	TX	22.8	0.5	20.4	1.9	9.50 %
Q4	3	1	PA	35.1	4.1	29.2	1.8	9.50 %
Q4	1	—	IN	8.3	1.7	6.0	0.6	9.50 %
Q4	1	—	OH	9.2	0.8	7.9	0.5	9.50 %
Total	12	3		$ 105.7	$ 13.4	$ 86.4	$ 5.9	

(1) We recorded a non-cash deferred tax liability of approximately$0.4 million in connection with this acquisition.
(2) We recorded a non-cash deferred tax liability of approximately$0.2 million in connection with this acquisition.
(3) Initial annual cash yield reflects the initial annual cash rent divided by the purchase price.
(4) All of these acquisitions were accounted for as asset acquisitions.

During 2018, we acquired two parcels of land (not reflected in the table above) for approximately $ 3.5 million with the intent of building new facilities for our existing operators.

During 2018, we transitioned 21 SNFs and one ALF subject to direct financing leases (not reflected in the table above) with a net carrying value of approximately $184.5 million from an existing operator to five other existing operators subject to single or master operating leases with an initial annual cash yield of approximately 9%. We recorded approximately $184.5 million of real estate investments consisting of land ($11.2 million), building and site improvements ($ 159.1 million) and furniture and fixtures ($ 14.2 million) in partial satisfaction of the direct financing leases. In connection with these transitions, we provided the new operators with working capital loans with a maximum borrowing capacity of $45.7 million, commitments to fund capital improvements up to $ 10.6 million and indemnities with a maximum funding of $7.4 million. Claims against these indemnities must occur within 18 months to 36 months of the transition date. These indemnities were provided to the new operators upon transition and would be utilized in the event that the prior operator does not perform under their transition agreements. As of December 31, 2019, we have not and we do not expect to fund a material amount under these indemnity agreements.

2017 Acquisitions and Other

Period	Number of Facilities SNF	Number of Facilities ALF/ILF	Country/ State	Total Investment(4) (in millions)	Land (in millions)	Building & Site Improvements (in millions)	Furniture & Equipment (in millions)	Initial Annual Cash Yield (2)
Q1	—	1	VA	$ 7.6	$ 0.5	$ 6.8	$ 0.3	7.50 %
Q2	1	—	NC	8.6	0.7	7.3	0.6	9.50 %
Q2	—	18	UK	124.2 (1)	34.1	85.1	5.0	8.50 %
Q3	—	1	TX	2.3	0.7	1.5	0.1	9.25 %
Q3	15	—	IN	211.0	18.0	180.2	12.8	9.50 %
Q3	9	—	TX	19.0 (3)	1.7	15.5	1.8	18.60 %
Q4	6	—	TX	40.0	1.0	35.1	3.9	9.25 %
Total	31	20		$ 412.7	$ 56.7	$ 331.5	$ 24.5	

(1) We recorded a non-cash deferred tax liability and acquisition costs of approximately$8.2 million and $1.2 million, respectively, in connection with this acquisition.
(2) Initial annual cash yield reflects the initial annual cash rent divided by the purchase price.

(3) In July 2017, we transitioned nine SNFs formerly subject to a direct financing lease to another operator. As a result of terminating the direct financing lease, we wrote down the facilities to our original cost basis and recorded an impairment on the direct financing lease of approximately $1.8 million. See Note 4 – Direct Financing Leases for additional information.
(4) All of these acquisitions were accounted for as asset acquisitions.

During 2017, we acquired three parcels of land (not reflected in the table above) for approximately $ 6.7 million with the intent of building new facilities for existing operators.

Asset Sales, Impairments and Other

During the fourth quarter of 2019, we sold 11 facilities (three previously held for sale at September 30, 2019) for approximately $ 33.3 million in net cash proceeds recognizing a gain on sale of approximately $2.9 million. In addition, we recorded impairments on real estate properties of approximately $35.7 million on 17 facilities (five were subsequently reclassified to held for sale).

In 2019, we sold 34 facilities (one was previously held for sale at December 31, 2018) for approximately $ 219.3 million in net cash proceeds recognizing a net gain of approximately $55.7 million. In addition, we recorded impairments on real estate properties of approximately $45.3 million on 23 facilities. After considering the impairments recorded and facilities sold during the year, the total net recorded investment in these properties was approximately $23.4 million as of December 31, 2019, with approximately $ 4.6 million related to properties classified as held for sale. Our impairments were offset by approximately $3.7 million of insurance proceeds received related to two facilities that were previously destroyed.

In 2018, we sold 78 facilities (22 previously held for sale at December 31, 2017) subject to operating leases for approximately $ 309.6 million in net proceeds recognizing a gain on sale of approximately $24.8 million. In addition, we recorded impairments on real estate properties of approximately $35.0 million on 35 facilities. Our impairments were offset by $ 5.2 million of insurance proceeds received related to a facility destroyed in November 2017. After considering the impairments recorded and facilities sold during the year, the total net recorded investment in these properties was approximately $14.8 million as of December 31, 2018, with approximately $ 1.0 million related to properties classified as held for sale.

Of the 78 facilities sold during 2018, we sold 12 SNFs on June 1, 2018 secured by HUD mortgages to subsidiaries of an existing operator. The Company sold the 12 SNF facilities with carrying values of approximately $ 62 million for approximately $ 78 million which consisted of $25 million of cash consideration and their assumption of approximately $ 53 million of our HUD mortgages. See Note 13 – Borrowing Arrangements for additional details. Simultaneously, subsidiaries of the operator assumed our HUD restricted cash accounts, deposits and escrows. The Company recorded a gain on sale of approximately $11 million after approximately $ 5 million of closing and other transaction related costs. In connection with this sale, we provided a principal of an existing operator an unsecured loan of approximately $39.7 million.

In 2017, we sold 52 facilities (14 previously held for sale at December 31, 2016) subject to operating leases for approximately $ 257.8 million in net proceeds recognizing a gain on sale of approximately $53.9 million. In addition, we recorded impairments on real estate properties of approximately $99.1 million on 37 facilities including approximately $2.6 million of capitalized costs associated with the termination of construction projects with two of our operators. After considering the impairments recorded and facilities sold during the year, the total net recorded investment in these properties was approximately $125.1 million as of December 31, 2017.

Of the 52 facilities sold in 2017, the sale of ten of these facilities did not initially qualify for sale accounting under the full accrual method. The ten SNFs with a carrying value of approximately $ 23.2 million were sold to a third-party for approximately $ 43.3 million, resulting in a total gain of approximately $17.5 million after $2.6 million of closing costs. In connection with this sale, we provided the buyer a $ 10.0 million loan. We recognized a net gain of approximately $7.5 million in 2017. Upon our adoption of ASU 2014-09 on January 1, 2018, we recognized $10.0 million of deferred gain related to this sale through opening equity on January 1, 2018.

The 2019, 2018 and 2017 recorded impairments were primarily the result of decisions to exit certain non-strategic facilities and/or operators. We reduced the net book value of the impaired facilities to their estimated fair values or, with respect to the facilities reclassified to held for sale, to their estimated fair value less costs to sell. To estimate the fair value of the facilities, we utilized a market approach which considered binding sale agreements (a Level 1 input) and/or non-binding offers from unrelated third parties and/or broker quotes (a Level 3 inputs).

NOTE 4 – DIRECT FINANCING LEASES

The components of investments in direct financing leases consist of the following:

	December 31, 2019	December 31, 2018
	(in thousands)	
Minimum lease payments receivable	$ 27,227	$ 28,294
Less unearned income	(15,522)	(16,577)
Investment in non-Orianna direct financing leases	11,705	11,717
Investment in Orianna direct financing leases	—	223,745
Less allowance for loss on Orianna direct financing leases	—	(103,200)
Less allowance for loss on non-Orianna direct financing leases	(217)	—
Investment in direct financing leases – net	$ 11,488	$ 132,262
Properties subject to direct financing leases	2	17
Number of direct financing leases	2	3

The following table summarizes our investments in the direct financing leases by operator, net of allowance for loss:

	December 31, 2019	December 31, 2018
	(in thousands)	
Orianna	$ —	$ 120,545
Sun Mar Healthcare	11,488	11,491
Markleysburg Healthcare Investors, LP	—	226
Investment in direct financing leases - net	$ 11,488	$ 132,262

The following minimum rents are due under our direct financing leases for the next five years (in thousands):

	Contractual Rent	Straight-Line Rent	Total
2020	$ 1,170	(1,037)	$ 133
2021	1,084	(915)	169
2022	1,106	(1,023)	83
2023	1,128	(1,014)	114
2024	1,151	(1,003)	148
Thereafter	21,588	(10,530)	11,058
	$ 27,227	$ (15,522)	$ 11,705

In 2018, we sold one SNF with a carrying value of approximately $ 15.4 million subject to a direct financing lease to an unrelated third-party for approximately $15.4 million.

Orianna Direct Financing Lease and Operating Lease

On November 27, 2013, we closed an aggregate $529 million purchase/leaseback transaction in connection with the acquisition of Ark Holding Company, Inc. ("Ark Holding") by 4 West Holdings Inc. At closing, we acquired 55 SNFs and 1 ALF operated by Ark Holding and leased the facilities back to Ark Holding, now known as New Ark Investment Inc. ("New Ark" which does business as "Orianna Health Systems" and is herein referred to as "Orianna"), pursuant to four 50-year master leases with rental payments yielding 10.6% per annum over the term of the leases. The purchase/leaseback transaction was accounted for as a direct financing lease.

In addition to our direct financing leases with Orianna, we previously leased three facilities to Orianna under a master lease which was to expire in 2026. The remaining three facility lease was accounted for as an operating lease. Our recorded investment in the three facilities subject to this operating lease was $30.5 million as of December 31, 2018. On October 31, 2018, Orianna rejected the operating lease and as a result we transitioned these three facilities to an existing operator during the first quarter of 2019.

In 2017, we sold eight facilities subject to direct financing leases with Orianna in the Northwest region and the Southeast region of the U.S. with a carrying value of approximately $36.4 million for approximately $33.3 million to unrelated third parties. These facilities were subject to direct financing leases with Orianna in the Northwest region and the Southeast region. We recorded approximately $3.3 million of impairment related to these sales. In addition, we transitioned nine SNFs, representing all of the facilities subject to another direct financing lease with Orianna in the Texas region, to an existing operator of ours pursuant to an operating lease. In connection with this transaction, we recorded the real estate properties at our original cost basis of approximately $19.0 million, eliminated our investment in the Texas region direct financing lease and recorded an impairment of approximately $1.8 million. In conjunction with this transaction, we also amended our Orianna Southeast region master lease to reduce the outstanding balance by $19.3 million. As a result of the lease amendment in 2017, we recorded an impairment on our investment in direct financing lease of approximately $20.8 million in 2017.

In the third quarter of 2017, we recorded an allowance for loss on direct financing leases of $ 172.2 million with Orianna covering 38 facilities in the Southeast region of the U.S. The amount of the allowance was determined based on the fair value of the facilities subject to the direct financing lease. To estimate the fair value of the underlying collateral, we utilized an income approach and Level 3 inputs. Our estimate of fair value assumed annual rents ranging between $32.0 million and $38.0 million, rental yields between 9% and 10%, current and projected operating performance of the facilities, coverage ratios and bed values.

In March 2018, Orianna commenced voluntary Chapter 11 proceedings in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "Bankruptcy Court"). As described in Orianna's filings with the Bankruptcy Court, we entered into a Restructuring Support Agreement ("RSA") that was expected to form the basis for Orianna's restructuring. The RSA provided for the recommencement, in April 2018, of partial rent payments at $1.0 million per month and established a specific timeline for the implementation of Orianna's planned restructuring. The RSA provided for the transition of 23 facilities to new operators and the potential sale of the remaining 19 facilities subject to the plan of reorganization (the "Plan"), if approved by the Bankruptcy Court.

To provide liquidity to Orianna during their Chapter 11 proceedings, we entered into a senior secured superpriority debtor-in-possession ("DIP") credit agreement with Orianna for a revolving credit and term loan DIP financing of up to $30 million, which DIP financing was approved by the Bankruptcy Court on an interim basis on March 9, 2018 and on a final basis on May 14, 2018.

On July 23, 2018, we notified Orianna that it was in default under the DIP credit agreement. On July 25, 2018, we terminated the RSA with its tenant, 4 West Holdings, and the sponsor of Orianna's Plan.

During the third quarter of 2018, we transitioned 22 facilities with a net carrying value of approximately $184.5 million from Orianna to five other existing operators with annual contractual rent of approximately $16.8 million. See Note 3 – Properties. In addition, during the second half of 2018, we sold Orianna's headquarters and one SNF with a carrying value of approximately $5.5 million to unrelated third-parties for approximately $5.5 million.

During the fourth quarter of 2018, the Bankruptcy Court ruled that Orianna's Plan, if confirmed, would allow Orianna to use the value of Orianna's remaining facilities to pay the administrative costs of Orianna's Chapter 11 cases and to pay certain other creditor claims, with the net amount of such value being paid to us. As a result, we recorded $27.2 million in additional allowance for loss to reduce the remaining investment in the direct financing lease covering the remaining 15 facilities located in the Southeast region of the U.S. As of December 31, 2018, our net investment in the Orianna direct financing lease was approximately $120.5 million, net of an allowance of $ 103.2 million.

On January 11, 2019, pursuant to a Bankruptcy Court order, affiliates of Orianna purchased the remaining 15 SNFs subject to the direct financing lease with Orianna for $176 million of consideration, comprised of $ 146 million in cash received by Orianna and a $ 30.0 million seller note held by the Company. The $30.0 million note bears interest at 6% per annum and matures on January 11, 2026. Interest on the unpaid principal balance is due quarterly in arrears. Commencing on January 11, 2022, quarterly principal payments are due based on a 15-year amortization schedule on the then outstanding principal balance of the loan. On the same date, Orianna repaid the DIP financing, including all related interest.

On January 16, 2019, the Bankruptcy Court confirmed Orianna's Plan, creating a Distribution Trust (the "Trust") to distribute the proceeds from Orianna's sale of the remaining 15 SNFs, as well as the Trust's collections of Orianna's accounts receivable portfolio. In January 2019, we reclassified our net investment in direct financing lease of $115.8 million from the Trust to other assets on our Consolidated Balance Sheet. For the period from January 16, 2019 through December 31, 2019, we received approximately $94 million from the Trust as a partial liquidation.

In March 2019, we received updated information from the Trust indicating diminished collectability of the accounts receivable owed to us. As a result, we recorded an additional $7.7 million allowance. As of December 31, 2019, our remaining receivable from the Trust is approximately $14 million. As of December 31, 2019, the Trust was comprised of approximately $ 14 million of cash.

NOTE 5 - MORTGAGE NOTES RECEIVABLE

As of December 31, 2019, mortgage notes receivable relate to nine fixed rate mortgages on 53 long-term care facilities. The mortgage notes are secured by first mortgage liens on the borrowers' underlying real estate and personal property. The mortgage notes receivable relate to facilities located in eight states, operated by seven independent healthcare operating companies. We monitor compliance with mortgages and when necessary have initiated collection, foreclosure and other proceedings with respect to certain outstanding loans.

The principal amounts outstanding of mortgage notes receivable, net of allowances, were as follows:

	December 31,	
	2019	2018
	(in thousands)	
Mortgage note due 2027; interest at 10.39%	$ 112,500	$ 112,500
Mortgage notes due 2029; interest at 10.08%(1)	526,520	537,515
Other mortgage notes outstanding(2)	139,448	65,748
Mortgage notes receivable, gross	778,468	715,763
Allowance for loss on mortgage notes receivable(3)	(4,905)	(4,905)
Total mortgages — net	$ 773,563	$ 710,858

(1) Approximates the weighted average interest rate on 36 facilities. Three notes totaling approximately $36.2 million are construction mortgages with maturities through 2021. The remaining loan balance matures in 2029.

(2) Other mortgage notes outstanding have a weighted average interest rate of 9.45% per annum and maturity dates through 2028.

(3) The allowance for loss on mortgage notes receivable relates to one mortgage with an operator. The carrying value and fair value of the mortgage note receivable is approximately $1.5 million at December 31, 2019 and December 31, 2018.

$112.5 Million of Mortgage Note due 2027

On January 17, 2014, we entered into a $112.5 million first mortgage loan with an existing operator. The loan is secured by seven SNFs and two ALFs located in Pennsylvania and Ohio, respectively. The mortgage is cross-defaulted and cross-collateralized with our existing master lease with the operator. In March 2018, we extended the maturity date to January 31, 2027 and provided an option to extend the maturity for a five year period through January 31, 2032 and a second option to extend the maturity through September 30, 2034.

$526.5 Million of Mortgage Notes due 2029

On June 30, 2014, we entered into a mortgage loan agreement with Ciena Healthcare ("Ciena") to refinance/consolidate $ 117 million in existing mortgages with maturity dates ranging from 2021 to 2023 on 17 facilities into one mortgage and simultaneously provide mortgage financing for an additional 14 facilities. The $415 million amortizing mortgage (the "Master Mortgage") matures in 2029 and is secured by 25 facilities. The Master Mortgage note bore an initial interest rate of 9.0% per annum which increases by 0.225% per annum. As of December 31, 2019, the outstanding principal balance of the Master Mortgage note is approximately $380.8 million and the interest rate is 10.13% per annum.

Subsequent to June 30, 2014, the Company amended its Master Mortgage with Ciena to provide for additional borrowings in the form of incremental facility mortgages, construction and/or improvement mortgages with maturities through 2029 with initial annual interest rates ranging between 8.5% and 10% and fixed annual escalators of 2% or 2.5% over the prior year's interest rate, or a fixed increase of 0.225% per annum. As of December 31, 2019, the outstanding principal balance of these mortgage notes are approximately $ 101.7 million.

In June 2018, we amended the Master Mortgage with Ciena to provide an additional $ 44.7 million mortgage note related to five SNFs located in Michigan. The mortgage note matures on June 30, 2029 and bears an initial annual interest rate of 9.5% which increases each year by 0.225%. As of December 31, 2019, the outstanding principal balance of this mortgage note is approximately $ 44.1 million. Additionally, the Company committed to fund an additional $9.6 million to Ciena if certain performance metrics are achieved by the portfolio.

The mortgage notes with Ciena are cross-defaulted and cross-collateralized with our existing master lease and other investment notes with the operator.

NOTE 6 - OTHER INVESTMENTS

A summary of our other investments is as follows:

	December 31,	
	2019	2018
	(in thousands)	
Other investment note due 2019	$ —	$ 131,452
Other investment notes due 2020-2025; interest at 8.15% (1)	58,687	46,287
Other investment notes due 2021; interest at 13.09% (1)	77,087	71,036
Other investment notes due 2023; interest at 7.32% (1)	65,000	65,000
Other investment note due 2023; interest at 12.00%	52,213	59,454
Other investment notes outstanding (2)	166,241	131,397
Total other investments	$ 419,228	$ 504,626

(1) Approximate weighted average interest rate as of December 31, 2019.
(2) Other investment notes have a weighted average interest rate of 8.38% and maturity dates through 2029.

Other investment note due 2019

On September 28, 2018, we provided a $ 131.3 million secured term loan to an unrelated third party. The loan was secured by a collateral assignment of mortgages covering seven SNFs, three independent living facilities and one ALF. The loan bore interest at 9.35% per annum and matured on May 31, 2019. The loan required monthly interest payments with the principal balance due at maturity. The borrower used the proceeds to repay existing indebtedness and pay a one-time distribution to its equity holders. In connection with this loan we incurred approximately $0.4 million of origination costs which are deferred and recognized over the term of the loan. On May 31, 2019, we acquired these facilities located in Pennsylvania (9) and Virginia (2) via deed-in-lieu of foreclosure and subsequently leased the facilities to an existing operator of the Company.

Other investment note due 2020-2025

On September 30, 2016, we acquired and amended a term loan with a fair value of approximately $ 37.0 million with Agemo Holdings LLC ("Agemo" an entity formed in May 2018 to silo our leases and loans formerly held by Signature Healthcare). A $5.0 million tranche of the term loan that bore interest at 13% per annum was repaid in August 2017. The remaining $ 32.0 million tranche of the term loan bears interest at 9% per annum and currently matures on December 31, 2024. The $32.0 million term loan (and the $ 25.0 million working capital loan discussed below) is secured by a security interest in the collateral of Agemo.

On May 7, 2018, the Company provided Agemo a $ 25.0 million secured working capital loan bearing interest at 7% per annum that matures on April 30, 2025. The proceeds of the working capital loan were used to pay operating expenses, settlement payments, fees, taxes and other costs approved by the Company. As of December 31, 2019, approximately $25.0 million is outstanding on this working capital loan. Additionally, on May 7, 2018, the Company also provided principals of Agemo a one year unsecured $2.8 million loan. The proceeds were used to pay down the Company's contractual receivables outstanding. This loan was repaid in 2019.

On November 5, 2019, the Company provided Agemo a $ 1.7 million term loan bearing interest at a fixed rate of 9% per annum and matures on March 31, 2020. As of December 31, 2019, $ 1.7 million is outstanding on this term loan. Our total loans outstanding with Agemo at December 31, 2019 approximate $58.7 million.

Other investment notes due 2021

On July 29, 2016, we provided Genesis HealthCare, Inc. ("Genesis") a $ 48.0 million secured term loan bearing interest at LIBOR with a floor of 1% plus 13% that was initially scheduled to mature on July 29, 2020. On May 9, 2019, we extended the maturity of this loan to November 30, 2021. This term loan (and the 2018 term loan discussed below) is secured by a perfected first priority lien on and security interest in certain collateral of Genesis. The term loan required monthly principal payments of $0.25 million through July 2019, and $ 0.5 million from August 2019 through maturity. In addition, a portion of the monthly interest accrued to the outstanding principal balance of the loan. In November 2017, we provided Genesis forbearance through February 2018. The forbearance allowed for the deferral of principal payments and permitted Genesis to accrue all interest due to the outstanding principal balance of the loan.

On March 6, 2018, we amended certain terms of the 2016 term loan to Genesis. Commencing February 22, 2018, the 2016 term loan bears interest at a fixed rate of 14% per annum, of which 9% per annum shall be paid-in-kind. Additionally, the amended term loan does not require monthly payments of principal. All principal and accrued and unpaid interest will be due at maturity on November 30, 2021. As of December 31, 2019, approximately $59.6 million is outstanding on this term loan.

Also on March 6, 2018, we provided Genesis an additional $ 16.0 million secured term loan bearing interest at a fixed rate of 10% per annum, of which 5% per annum is paid-in-kind, that was initially scheduled to mature on July 29, 2020. On May 9, 2019, we extended the maturity of this loan to November 30, 2021. As of December 31, 2019, approximately $17.5 million is outstanding on this term loan.

As of December 31, 2019, our total other investments outstanding with Genesis was approximately $ 77.1 million.

Other investment note due 2023

On June 30, 2015, we entered into a $50.0 million secured revolving credit facility with subsidiaries of an existing operator. The note bears interest at approximately 6.66% per annum and matures in 2023. As of December 31, 2019, $ 50.0 million has been drawn and remains outstanding.

On May 17, 2017, we entered into a separate secured $ 15.0 million revolving credit facility with subsidiaries of an existing operator. The note bears interest at 9.5% per annum and matures in 2023. As of December 31, 2019, $ 15.0 million has been drawn and remains outstanding.

Other investment note due 2023

On February 26, 2016, we acquired and funded a $ 50.0 million mezzanine loan at a discount of approximately $ 0.75 million. In May 2018, the Company amended the mezzanine loan with the borrower which is secured by an equity interest in subsidiaries of the borrower. As part of the refinancing, the Company increased the mezzanine loan by $10.0 million, extended the maturity date to May 31, 2023 and fixed the interest rate at 12% per annum. The mezzanine loan requires semi-annual principal payments of $ 2.5 million commencing December 31, 2018. As of December 31, 2019, our total other investments outstanding with this borrower was approximately $52.2 million. In connection with the amendment, the Company recognized fees of approximately $1.1 million of which $0.5 million was paid at closing with the remainder due at maturity. The discount and loan fees are deferred and are being recognized on an effective basis over the term of the loan.

NOTE 7 – VARIABLE INTEREST ENTITIES

The following operators are considered VIEs as of December 31, 2019 and 2018. Below is a summary of our assets and liabilities associated with each operator as of December 31, 2019 and 2018:

	December 31, 2019	December 31, 2018	
	Agemo	Agemo	Orianna
	(in thousands)	(in thousands)	
Assets			
Real estate investments – net	$ 403,389	$ 413,396	$ 30,459
Investments in direct financing leases - net	—	—	120,545
Other investments	58,687	46,287	40,242
Contractual receivables	18,113	18,017	249
Straight-line rent receivables	46,247	34,203	—
Lease inducement	6,810	2,362	—
Above market lease	—	2	—
Subtotal	533,246	514,267	191,495
Collateral			
Letters of credit	(9,253)	(9,253)	—
Personal guarantee	(8,000)	(15,000)	—
Other collateral	(403,389)	(413,396)	(176,253)
Subtotal	(420,642)	(437,649)	(176,253)
Maximum exposure to loss	$ 112,604	$ 76,618	$ 15,242

In determining our maximum exposure to loss from these VIEs, we considered the underlying value of the real estate subject to leases with these operators and other collateral, if any, supporting our other investments, which may include accounts receivable, security deposits, letters of credit or personal guarantees, if any. See Note 4 – Direct Financing Leases regarding our relationship with Orianna, Note 6 – Other Investments regarding the terms of the other investments and Note 20 – Commitments and Contingencies regarding our commitment to provide capital expenditure funding to our operators which includes Agemo. In May 2018, we reached an out-of-court restructuring agreement with Agemo that provided for the deferral of rent, the extension of the maturity of our lease and loans, and a working capital loan. If Agemo's operations deteriorate any further and they are unable to meet their contractual obligations to us, we may be required to account for rental income from them on a cash basis and reserve approximately $71.2 million of contractual receivables, straight-line rent receivables and lease inducements.

The table below reflects our total revenues from Agemo and Orianna for the years ended December 31, 2019, 2018 and 2017:

	2019	2018		2017	
	Agemo	Agemo	Orianna	Agemo	Orianna
		(in thousands)			
Revenue					
Rental income	$ 60,639	$ 59,291	$ —	$ 62,287	$ 2,401
Income from direct financing leases	—	—	—	—	29,877
Other investment income	4,502	3,500	3,477	4,884	906
Total (1)	$ 65,141	$ 62,791	$ 3,477	$ 67,171	$ 33,184

(1) For the years ended December 31, 2019, 2018 and 2017, we received cash rental income and other investment income from Agemo of approximately $53.7 million, $56.8 million and $39.8 million, respectively.

NOTE 8 – INVESTMENTS IN JOINT VENTURES

Consolidated Joint Venture

In February 2019, we entered into a joint venture to construct a 100,000 square foot medical office building in Lakeway, Texas with an estimated initial construction budget of approximately $36 million. The Company owns 90% of the venture with the remaining 10% owned by outside investors. During the first quarter of 2019, this consolidated joint venture acquired a parcel of land for approximately $3.6 million.

Unconsolidated Joint Ventures

The Company owns interests in the following entities that are accounted for under the equity method (dollars in thousands):

Entity (1)	Ownership %	Initial Investment Date	Initial Investment(2)	Facility Type	Facilities at 12/31/2019	Carrying Amount December 31, 2019	Carrying Amount December 31, 2018
Second Spring Healthcare Investments (3)	15%	11/1/2016	$ 50,032	SNF	37	$ 22,504	$ 31,045
Lakeway Realty, L.L.C. (4)	51%	5/17/2019	73,834	Specialty facility	1	73,273	—
Cindat Joint Venture (5)	49%	12/18/2019	103,810	ALF	67	103,976	—
OMG Senior Housing, LLC	50%	12/6/2019	—	ILF	1	—	—
OH CHS SNP, Inc.	9%	12/20/2019	153	N/A	N/A	131	—
			$ 227,829			$ 199,884	$ 31,045

(1) These entities and their subsidiaries are not consolidated by the Company because it does not control, through voting rights or other means, the joint venture.

(2) Our initial investment includes our transaction costs, if any.
(3) During 2019, this joint venture sold 14 SNFs subject to an operating lease for approximately $311.8 million in net cash proceeds and recognized a gain on sale of approximately $64.0 million. During 2018, this joint venture sold 13 SNFs subject to an operating lease for approximately $164.0 million in net cash proceeds and recognized a loss on sale of approximately $4.6 million. During 2018, this joint venture also recorded $4.2 million of impairment expense on these real estate properties.
(4) We acquired an interest in a joint venture that owns the Lakeway Regional Medical Center (the "Lakeway Hospital") in Lakeway, Texas.
(5) We acquired a 49% interest in Cindat Ice Portfolio JV, GP Limited, Cindat Ice Portfolio Holdings, LP and Cindat Ice Portfolio Lender, LP. Cindat Ice Portfolio Holdings, LP owns 67 care homes leased to two operators in the U.K. pursuant to operating leases. Cindat Ice Portfolio Lender, LP holds loans to a third-party operator. Our investment in Cindat Joint Venture consists primarily of real estate. Our initial basis difference of approximately $35 million will be amortized on a straight-line basis over approximately 40 years to income (loss) from unconsolidated joint ventures in the Consolidated Statements of Operations.

The following table reflects our income (loss) from unconsolidated joint ventures for the years ended December 31, 2019, 2018 and 2017:

	Year Ended December 31,		
Entity	**2019**	**2018**	**2017**
		(in thousands)	
Second Spring Healthcare Investments	$ 9,490	$ 381	$ 2,237
Lakeway Realty, L.L.C.	1,479	—	—
OMG Senior Housing, LLC	(22)	—	—
Total	$ 10,947	$ 381	$ 2,237

Lakeway Partnership

In connection with the MedEquities Merger on May 17, 2019, we acquired a 51% ownership interest in Lakeway Realty, L.L.C. (the "Lakeway Partnership"), a joint venture that owns the Lakeway Hospital. On the merger date, the Company's ownership interest in the Lakeway Partnership had a fair value of approximately $73.8 million. Our investment in the Lakeway Partnership consists primarily of real estate. We estimated the fair value of the underlying real estate considering the lessees' purchase option (Level 1) which is discussed in more detail below, third-party appraisals and discounted cash flows associated with the ground lease (Level 3). Our initial basis difference of approximately $69.9 million is being amortized on a straight-line basis over 40 years to income (loss) from unconsolidated joint ventures in the accompanying Consolidated Statements of Operations.

The Company also acquired a first mortgage lien issued to Lakeway Partnership in the original principal amount of approximately $73.0 million bearing interest at 8% per annum based on a 25-year amortization schedule and maturing on March 20, 2025. We have determined the acquisition date fair value of the acquired mortgage is $69.1 million.

The Lakeway Hospital is leased pursuant to a triple-net lease to Scott & White Hospital – Round Rock (the "Baylor Lessee"), with Baylor University Medical Center ("BUMC") as guarantor. These entities are part of the Baylor Scott & White Health system. The lease provides that, commencing after completion of the third year of the lease (effective September 1, 2019) and subject to certain conditions, the Baylor Lessee has the option to purchase the Lakeway Hospital at a price equal to the aggregate base rent payable under the lease for the 12-month period following the date of the written notice from the Baylor Lessee to exercise the purchase option divided by (i) 6.5% if written notice is provided after completion of the third lease year and before completion of the tenth lease year or (ii) 7.0% if written notice is provided any time thereafter. In addition, the Baylor Lessee has a right of first refusal and a right of first offer in the event that the joint venture intends to sell or otherwise transfer Lakeway Hospital.

Asset Management Fees

We receive asset management fees from certain joint ventures for services provided. For the years ended December 31, 2019, 2018 and 2017, we recognized approximately $0.9 million, $1.8 million and $2.0 million, respectively, of asset management fees. These fees are included in miscellaneous income in the accompanying Consolidated Statements of Operations.

NOTE 9 – ASSETS HELD FOR SALE

The following is a summary of our assets held for sale:

	Properties Held For Sale	
	Number of Properties	Net Book Value (in thousands)
December 31, 2017	22	$ 86,699
Properties sold/other [(1)]	(48)	(171,938)
Properties added [(2)]	29	86,228
December 31, 2018	3	$ 989
Properties sold/other [(1)]	(8)	(6,486)
Properties added [(2)]	11	10,419
December 31, 2019 [(3)]	6	$ 4,922

(1) In 2018, we sold 48 facilities for approximately $133.6 million in net proceeds recognizing a gain on sale of approximately $11.5 million. In 2019, we sold seven facilities for approximately $22.9 million in net proceeds recognizing a gain on sale of approximately $14.8 million. One facility classified as held for sale at December 31, 2018 was no longer considered held for sale during the second quarter of 2019 and was reclassified to leased property at approximately $0.3 million which represents the facility's then carrying value adjusted for depreciation that was not recognized while classified as held for sale.

(2) In 2018, we recorded approximately $13.0 million of impairment expense to reduce 26 facilities and one ancillary building's book value to their estimated fair values less costs to sell before they were reclassified to assets held for sale. In 2019, we recorded approximately $9.2 million of impairment expense to reduce eight facilities' book values to their estimated fair values less costs to sell before they were reclassified to assets held for sale.

(3) We plan to sell the facilities classified as held for sale at December 31, 2019 within the next twelve months.

NOTE 10 – INTANGIBLES

The following is a summary of our intangibles as of December 31, 2019 and 2018:

	December 31, 2019	December 31, 2018
	(in thousands)	
Assets:		
Goodwill	$ 644,415	$ 643,950
Above market leases	$ 49,240	$ 22,410
Accumulated amortization	(21,227)	(19,203)
Net intangible assets	$ 28,013	$ 3,207
Liabilities:		
Below market leases	$ 147,292	$ 143,669
Accumulated amortization	(87,154)	(79,226)
Net intangible liabilities	$ 60,138	$ 64,443

As disclosed in Note 3 – Properties, certain above market lease assets and below market lease liabilities acquired in the MedEquities Merger are subject to further adjustment pending completion of the purchase accounting.

For the years ended December 31, 2019, 2018 and 2017, our net amortization related to intangibles was $ 5.9 million, $10.7 million and $11.9 million, respectively. The estimated net amortization related to these intangibles for the subsequent five years is as follows: 2020 – $4.9 million; 2021 – $4.7 million; 2022 – $4.4 million; 2023 – $4.2 million; 2024 – $4.0 million and $9.9 million thereafter. As of December 31, 2019, the weighted average remaining amortization period of above market lease assets is approximately eleven years and of below market lease liabilities is approximately nine years.

The following is a summary of our goodwill:

		(in thousands)
Balance as of December 31, 2017	$	644,690
Less: foreign currency translation		(740)
Balance as of December 31, 2018		643,950
Add: foreign currency translation		465
Balance as of December 31, 2019	$	644,415

NOTE 11 - CONCENTRATION OF RISK

As of December 31, 2019, our portfolio of real estate investments consisted of 987 healthcare facilities, located in 40 states and the U.K. and operated by 71 third-party operators. Our investment in these facilities, net of impairments and allowances, totaled approximately $9.8 billion at December 31, 2019, with approximately 98% of our real estate investments related to long-term care facilities. Our portfolio is made up of 784 SNFs, 114 ALFs, 28 specialty facilities, two medical office buildings, fixed rate mortgages on 47 SNFs, two ALFs and four specialty facilities and six facilities that are closed and held for sale. At December 31, 2019, we also held other investments of approximately $419.2 million, consisting primarily of secured loans to third-party operators of our facilities and $ 199.9 million of investment in five unconsolidated joint ventures.

At December 31, 2019 and 2018, we had investments with one operator/or manager that exceeded 10% of our total investments: Ciena Healthcare ("Ciena"). Ciena also generated approximately 10%, 11% and 10% of our total revenues for the years ended December 31, 2019, 2018 and 2017, respectively. At December 31, 2019, the three states in which we had our highest concentration of investments were Florida (15%), Texas (10%) and Michigan (7%).

NOTE 12 - LEASE AND MORTGAGE DEPOSITS

We obtain liquidity deposits and other deposits, security deposits and letters of credit from certain operators pursuant to our lease and mortgage agreements. These generally represent the rental and/or mortgage interest for periods ranging from three to six months with respect to certain of our investments or the required deposits in connection with our HUD borrowings. At December 31, 2019 and 2018, we held $9.3 million and $1.4 million, respectively, in liquidity and other deposits, $38.6 million and $38.5 million, respectively, in security deposits and $54.2 million and $55.1 million, respectively, in letters of credit.

The liquidity deposits and other deposits, security deposits and the letters of credit may be used in the event of lease and/or loan defaults, subject to applicable limitations under bankruptcy law with respect to operators filing under Chapter 11 of the United States Bankruptcy Code. Liquidity deposits and other deposits are recorded as restricted cash on our Consolidated Balance Sheets with the offset recorded as a liability in accrued expenses and other liabilities on our Consolidated Balance Sheets. Security deposits related to cash received from the operators are primarily recorded in cash and cash equivalents on our Consolidated Balance Sheets with a corresponding offset in accrued expenses and other liabilities on our Consolidated Balance Sheets. Additional security for rental and mortgage interest revenue from operators is provided by covenants regarding minimum working capital and net worth, liens on accounts receivable and other operating assets of the operators, provisions for cross-default, provisions for cross-collateralization and by corporate or personal guarantees.

NOTE 13 - BORROWING ARRANGEMENTS

The following is a summary of our long-term borrowings:

	Maturity	Annual Interest Rate as of December 31, 2019	December 31, 2019	December 31, 2018
			(in thousands)	
Secured borrowings:				
HUD mortgages (1) (4)	2046-2052	3.01 %	$ 387,405	$ —
Term loan (2) (4)	2021	5.00 %	2,275	—
			389,680	—
Unsecured borrowings:				
Revolving line of credit	2021	2.99 %	125,000	313,000
U.S. term loan	2022	3.25 %	350,000	425,000
Sterling term loan (3)	2022	2.16 %	132,480	127,990
Omega OP term loan (4)	2022	3.29 %	75,000	100,000
2015 term loan	2022	3.80 %	250,000	250,000
Deferred financing costs – net (5)			(2,742)	(4,264)
Total term loans – net			804,738	898,726
2023 notes	2023	4.375 %	700,000	700,000
2024 notes	2024	4.950 %	400,000	400,000
2025 notes	2025	4.500 %	400,000	400,000
2026 notes	2026	5.250 %	600,000	600,000
2027 notes	2027	4.500 %	700,000	700,000
2028 notes	2028	4.750 %	550,000	550,000
2029 notes	2029	3.625 %	500,000	—
Subordinated debt	2021	9.000 %	13,541	20,000
Discount – net			(23,041)	(18,523)
Deferred financing costs – net			(23,778)	(22,581)
Total senior notes and other unsecured borrowings – net			3,816,722	3,328,896
Total unsecured borrowings – net			4,746,460	4,540,622
Total secured and unsecured borrowings – net (6)			$ 5,136,140	$ 4,540,622

(1) Reflects the weighted average annual contractual interest rate on the mortgages at December 31, 2019. Secured by real estate assets with a net carrying value of $617.2 million as of December 31, 2019.
(2) This borrowing is the debt of a consolidated joint venture.
(3) This borrowing is denominated in British Pounds Sterling.
(4) Omega OP or wholly owned subsidiaries of Omega OP are the obligor on these borrowings.
(5) The amount includes $0.2 million of net deferred financing costs related to the Omega OP term loan as of December 31, 2019.
(6) All borrowings are direct borrowings of Omega unless otherwise noted.

HUD Mortgage Debt

On October 31, 2019, we assumed approximately $389 million in mortgage loans guaranteed by HUD. The HUD loans have remaining terms ranging from 27 to 32 years and an average remaining term of 31 years with fixed interest rates ranging from 2.82% to 3.24%. The HUD loans may be prepaid subject to an initial penalty of 10% of the remaining principal balances in the first year and the prepayment penalty decreases each subsequent year by 1% until no penalty is required.

All HUD loans are subject to the regulatory agreements that require escrow reserve funds to be deposited with the loan servicer for mortgage insurance premiums, property taxes, debt service and capital replacement expenditures. As of December 31, 2019, the Company has total escrow reserves of $25.0 million with the loan servicer that is reported within other assets on the Consolidated Balance Sheets. See Note 3 – Properties.

HUD Mortgage Disposition

On June 1, 2018, subsidiaries of an existing operator assumed approximately $ 53 million of our indebtedness guaranteed by HUD that secured 12 separate facilities located in Arkansas. In connection with our disposition of the mortgages, we wrote-off approximately $ 0.6 million of unamortized deferred costs that are recorded in Gain on assets sold – net on our Consolidated Statements of Operations. These fixed rate mortgages had a weighted average interest rate of approximately 3.06% per annum and matured in July 2044. See Note 3 – Properties.

Unsecured Borrowings

2017 Omega Credit Facilities

On May 25, 2017, Omega entered into a credit agreement (the “2017 Omega Credit Agreement”) providing us with a new $ 1.8 billion senior unsecured revolving and term loan credit facility, consisting of a $1.25 billion senior unsecured multicurrency revolving credit facility (the “Revolving Credit Facility”), a $425 million senior unsecured U.S. Dollar term loan facility (the “U.S. Term Loan Facility”), and a £ 100 million senior unsecured British Pound Sterling term loan facility (the “Sterling Term Loan Facility” and, together with the Revolving Credit Facility and the U.S. Term Loan Facility, collectively, the “2017 Omega Credit Facilities”). The 2017 Omega Credit Agreement contains an accordion feature permitting us, subject to compliance with customary conditions, to increase the maximum aggregate commitments under the 2017 Omega Credit Facilities to $2.5 billion.

The 2017 Omega Credit Facilities replaced the previous $1.25 billion senior unsecured 2014 revolving credit facility, the previous $200 million Tranche A-1 senior unsecured term loan facility, and the previous $ 350 million Tranche A-3 senior unsecured incremental term loan facility established under our 2014 credit agreement, which has been terminated (the “2014 Omega Credit Agreement”). We had previously repaid and terminated the $200 million Tranche A-2 senior unsecured term loan facility established under the 2014 Omega Credit Agreement, with proceeds from our $550 million and $150 million unsecured senior notes issued in April 2017.

The Revolving Credit Facility bears interest at LIBOR plus an applicable percentage (with a range of 100 to 195 basis points) based on our ratings from Standard & Poor’s, Moody’s and/or Fitch Ratings. The Revolving Credit Facility matures on May 25, 2021, subject to an option by us to extend such maturity date for two, six month periods. The 2017 Omega Credit Agreement provides for the Revolving Credit Facility to be drawn in Euros, British Pounds Sterling, Canadian Dollars (collectively, “Alternative Currencies”) or U.S. Dollars, with a $900 million tranche available in U.S. Dollars and a $350 million tranche available in U.S. Dollars or Alternative Currencies. For purposes of the 2017 Omega Credit Facilities, references to LIBOR include the Canadian dealer offered rates for amounts offered in Canadian Dollars and any other Alternative Currency rate approved in accordance with the terms of the 2017 Omega Credit Agreement for amounts offered in any other non-London interbank offered rate quoted currency, as applicable.

The U.S. Term Loan Facility and the Sterling Term Loan Facility bear interest at LIBOR plus an applicable percentage (with a range of 90 to 190 basis points) based on our ratings from Standard & Poor’s, Moody’s and/or Fitch Ratings. The U.S. Term Loan Facility and the Sterling Term Loan Facility each mature on May 25, 2022.

We recorded a non-cash charge of approximately $5.5 million in 2017 relating to the write-off of deferred financing costs associated with the termination of the 2014 Omega Credit Agreement.

2017 Omega OP Term Loan Facility

On May 25, 2017, Omega OP entered into a credit agreement (the “2017 Omega OP Credit Agreement”) providing it with a new $100 million senior unsecured term loan facility (the “2017 Omega OP Term Loan Facility”). The 2017 Omega OP Term Loan Facility bears interest at LIBOR plus an applicable percentage (with a range of 90 to 190 basis points) based on our ratings from Standard & Poor’s, Moody’s and/or Fitch Ratings. The 2017 Omega OP Term Loan Facility matures on May 25, 2022.

Omega OP’s obligations in connection with the 2017 Omega OP Term Loan Facility are not currently guaranteed, but will be jointly and severally guaranteed by any domestic subsidiary of Omega OP that provides a guaranty of any unsecured indebtedness of Omega or Omega OP for borrowed money evidenced by bonds, debentures, notes or other similar instruments in an amount of at least $50 million individually or in the aggregate.

In connection with the MedEquities Merger on May 17, 2019, we assumed various interest rate swap contracts. We designated the interest rate swap contracts as cash flow hedges of interest rate risk associated with the 2017 Omega OP Credit Agreement. The assumed interest rate swap contracts effectively convert $75 million of our 2017 Omega OP Credit Agreement to an aggregate fixed rate of approximately 3.29% through February 10, 2022. The effective fixed rate achieved by the combination of the 2017 Omega OP Credit Agreement and the interest rate swaps could fluctuate up by 55 basis points or down by 45 basis points based on future changes to our credit ratings. The 2017 Omega OP Credit Agreement will be unhedged for the period after February 10, 2022 through its maturity on May 25, 2022.

In September 2019, we used $25.0 million of proceeds from the senior notes issuance to repay borrowings under the 2017 Omega OP Term Loan Facility. At December 31, 2019, we had $75.0 million in outstanding borrowings under this facility.

Amended 2015 Term Loan Facility

On May 25, 2017, Omega entered into an amended and restated credit agreement (the “Amended 2015 Credit Agreement”), which amended and restated our previous $250 million senior unsecured term loan facility (the “Amended 2015 Term Loan Facility”). The Amended 2015 Term Loan Facility bears interest at LIBOR plus an applicable percentage (with a range of 140 to 235 basis points) based on our ratings from Standard & Poor’s, Moody’s and/or Fitch Ratings. The Amended 2015 Term Loan Facility continues to mature on December 16, 2022. The Amended 2015 Credit Agreement permits us, subject to compliance with customary conditions, to add one or more incremental tranches to the Amended 2015 Term Loan Facility in an aggregate principal amount not exceeding $150 million.

Omega’s obligations under the 2017 Omega Credit Facilities and the Amended 2015 Term Loan Facility are jointly and severally guaranteed by Omega OP and any domestic subsidiary of Omega that provides a guaranty of any unsecured indebtedness of Omega for borrowed money evidenced by bonds, debentures, notes or other similar instruments in an amount of at least $50 million individually or in the aggregate.

As a result of exposure to interest rate movements associated with the Amended 2015 Term Loan Facility, on December 16, 2015, we entered into various forward-starting interest rate swap arrangements, which effectively converted $250 million of our variable-rate debt based on one-month LIBOR to an aggregate fixed rate of approximately 3.8005% effective December 30, 2016. The effective fixed rate achieved by the combination of the Amended 2015 Term Loan Facility and the interest rate swaps could fluctuate up by 55 basis points or down by 40 basis points based on future changes to our credit ratings. Each of these swaps began on December 30, 2016 and mature on December 15, 2022. The interest rate for the Amended 2015 Term Loan Facility was not hedged for the portion of the term prior to December 30, 2016.

$700 Million 4.375% Senior Notes due 2023

On July 12, 2016, we issued $700 million aggregate principal amount of our 4.375% Senior Notes due 2023 (the "2023 Notes"). The 2023 Notes were sold at an issue price of 99.739% of their face value before the underwriters' discount. Our net proceeds from the offering, after deducting underwriting discounts and expenses, were approximately $692.0 million. The net proceeds from the offering were used to repay outstanding borrowings under our revolving credit facility and for general corporate purposes. The 2023 Notes mature on August 1, 2023 and pay interest semi-annually.

$400 Million 4.95% Senior Notes due 2024

On March 11, 2014, we sold $400 million aggregate principal amount of our 4.95% Senior Notes due 2024 (the "2024 Notes"). These notes were sold at an issue price of 98.58% of the principal amount of the notes, before the initial purchasers' discount resulting in gross proceeds of approximately $394.3 million. The 2024 Notes mature on April 1, 2024 and pay interest semi-annually.

$400 Million 4.50% Senior Notes due 2025

On September 11, 2014, we sold $250 million aggregate principal amount of our 4.50% Senior Notes due 2025 (the "2025 Notes"). The 2025 Notes were sold at an issue price of 99.131% of their face value before the initial purchasers' discount resulting in gross proceeds of approximately $247.8 million. The 2025 Notes mature on January 15, 2025 and pay interest semi-annually.

On April 4, 2017, we issued an additional $150 million aggregate principal amount of our existing 2025 Notes (the "additional $ 150 million 2025 Notes"). The additional $150 million 2025 Notes were sold at an issue price of 99.540% of their face value before the underwriters' discount. Our net proceeds from the additional $150 million 2025 Notes, after deducting underwriting discounts and expenses, were approximately $149.9 million (inclusive of accrued interest). See $ *550 Million 4.75% Senior Notes due 2028* below for the use of these proceeds.

$600 Million 5.25% Senior Notes due 2026

On September 23, 2015, we sold $600 million aggregate principal amount of our 5.25% Senior Notes due 2026 (the "2026 Notes"). The 2026 Notes were sold at an issue price of 99.717% of their face value before the initial purchasers' discount. Our total net proceeds from the offering, after deducting initial purchasers' discounts and other offering expenses, were approximately $594.4 million. The 2026 Notes mature on January 15, 2026 and pay interest semi-annually.

$700 Million 4.50% Senior Notes due 2027

On March 18, 2015, we sold $700 million aggregate principal amount of our 4.50% Senior Notes due 2027 (the "2027 Notes"). The 2027 Notes were sold at an issue price of 98.546% of their face value before the initial purchasers' discount. Our total net proceeds from the offering, after deducting initial purchasers' discounts and other offering expenses, were approximately $683 million. The 2027 Notes mature on April 1, 2027 and pay interest semi-annually.

$550 Million 4.75% Senior Notes due 2028

On April 4, 2017, we issued $550 million aggregate principal amount of our 4.75% Senior Notes due 2028 (the "2028 Notes"). The 2028 Notes mature on January 15, 2028. The 2028 Notes were sold at an issue price of 98.978% of their face value before the underwriters' discount. Our net proceeds from the 2028 Notes offering, after deducting underwriting discounts and expenses, were approximately $540.8 million. The net proceeds from the 2028 Notes offering and the additional $150 million 2025 Notes offering were used to (i) redeem all of our outstanding $400 million 5.875% Senior Notes due 2024 (the " 5.875% Notes") on April 28, 2017, (ii) prepay the $ 200 million Tranche A-2 Term Loan Facility on April 5, 2017 that otherwise would have become due on June 27, 2017, and (iii) repay outstanding borrowings under our revolving credit facility.

$500 Million 3.625% Senior Notes due 2029

On September 20, 2019, we issued $ 500 million aggregate principal amount of our 3.625% Senior Notes due 2029 (the "2029 Notes"). The 2029 Notes were sold at an issue price of 98.542% of their face value before the underwriters' discount. Our net proceeds from the offering, after deducting underwriting discounts and expenses, were approximately $487.8 million. The net proceeds from the offering were used to repay outstanding borrowings under our credit facilities and for general corporate purposes. The 2029 Notes mature on October 1, 2029 and pay interest semi-annually.

Subordinated Debt

In connection with a 2010 acquisition, we assumed five separate $4.0 million subordinated notes bearing interest at 9% per annum that mature on December 21, 2021. Interest on these notes is due quarterly with the principal balance due at maturity. These subordinated notes may be prepaid at any time without penalty. To the extent that the operator of the facilities fails to pay rent owed to us under our existing master lease, we have the right to offset amounts owed to the lender. During the fourth quarter of 2019, we offset approximately $6.5 million of debt owed to the lender, which approximates three months of rent.

Other Debt Assumption and Repayment

In connection with the MedEquities Merger on May 17, 2019, we assumed a $ 125.0 million term loan and outstanding borrowings of $160.1 million under MedEquities' previous revolving credit facility. We repaid the total outstanding balance on both the term loan and the revolving credit facility and terminated the related agreements on May 17, 2019.

General

Certain of our other secured and unsecured borrowings are subject to customary affirmative and negative covenants, including financial covenants. As of December 31, 2019 and 2018, we were in compliance with all affirmative and negative covenants, including financial covenants, for our secured and unsecured borrowings. Omega OP, the guarantor of Parent's outstanding senior notes, does not directly own any substantive assets other than its interest in non-guarantor subsidiaries.

The required principal payments, excluding the premium or discount and deferred financing costs on our secured and unsecured borrowings, for each of the five years following December 31, 2019 and the aggregate due thereafter are set forth below:

	(in thousands)
2020	$ 7,465
2021	148,508
2022	815,407
2023	708,168
2024	408,418
Thereafter	3,097,735
Total	$ 5,185,701

The following summarizes the refinancing related costs:

	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
Write-off of deferred financing costs and unamortized premiums due to refinancing [(1)]	$ —	$ —	$ 10,195
Prepayment and other costs associated with refinancing [(2)]	—	—	11,770
Total debt extinguishment costs	$ —	$ —	$ 21,965

(1) In 2017, we recorded (a) $4.7 million of write-offs of unamortized deferred costs associated with the early redemption of our 5.875% Notes and (b) $5.5 million of write-offs of unamortized deferred financing costs associated with the termination of the 2014 Omega Credit Agreement.
(2) In 2017, we paid $11.8 million of prepayment penalties associated with the early redemption of our 5.875% Notes.

NOTE 14 - FINANCIAL INSTRUMENTS

The net carrying amount of cash and cash equivalents, restricted cash, contractual receivables, other assets and accrued expenses and other liabilities reported in the Consolidated Balance Sheets approximates fair value because of the short maturity of these instruments (Level 1).

At December 31, 2019 and 2018, the net carrying amounts and fair values of other financial instruments were as follows:

	December 31, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in thousands)			
Assets:				
Investments in direct financing leases – net	$ 11,488	$ 11,488	$ 132,262	$ 132,262
Mortgage notes receivable – net	773,563	819,083	710,858	735,892
Other investments – net	419,228	412,934	504,626	503,907
Total	$ 1,204,279	$ 1,243,505	$ 1,347,746	$ 1,372,061
Liabilities:				
Revolving line of credit	$ 125,000	$ 125,000	$ 313,000	$ 313,000
Term loan	2,275	2,275	—	—
U.S. term loan	348,878	350,000	423,065	425,000
Sterling term loan	132,059	132,480	127,394	127,990
Omega OP term loan	74,763	75,000	99,553	100,000
2015 term loan	249,038	250,000	248,713	250,000
4.375% notes due 2023 – net	695,812	749,693	694,643	700,062
4.95% notes due 2024 – net	395,702	442,327	394,691	406,386
4.50% notes due 2025 – net	396,163	430,529	395,402	392,122
5.25% notes due 2026 – net	595,732	675,078	595,027	605,700
4.50% notes due 2027 – net	689,445	759,475	687,981	671,555
4.75% notes due 2028 – net	541,891	602,967	540,883	537,508
3.625% notes due 2029 – net	488,263	500,792	—	—
HUD mortgages - net	387,405	379,866	—	—
Subordinated debt – net	13,714	15,253	20,270	22,589
Total	$ 5,136,140	$ 5,490,735	$ 4,540,622	$ 4,551,912

Fair value estimates are subjective in nature and are dependent on a number of important assumptions, including estimates of future cash flows, risks, discount rates and relevant comparable market information associated with each financial instrument (see Note 2 – Summary of Significant Accounting Policies). The use of different market assumptions and estimation methodologies may have a material effect on the reported estimated fair value amounts.

The following methods and assumptions were used in estimating fair value disclosures for financial instruments.

- Direct financing leases: The fair value of the investments in direct financing leases, excluding those related to Orianna, are estimated using a discounted cash flow analysis, using interest rates being offered for similar leases to borrowers with similar credit ratings (Level 3). For the Orianna direct financing lease as of December 31, 2018, the Company estimated the fair value of its investment based on the expected liquidating payments from the Trust as further described in Note 4 – Direct Financing Leases (Level 3).

- Mortgage notes receivable: The fair value of the mortgage notes receivables are estimated using a discounted cash flow analysis, using interest rates being offered for similar loans to borrowers with similar credit ratings (Level 3).

- Other investments: Other investments are primarily comprised of notes receivable. The fair values of notes receivable are estimated using a discounted cash flow analysis, using interest rates being offered for similar loans to borrowers with similar credit ratings (Level 3).

- Revolving line of credit, secured borrowing and term loans: The fair value of our borrowings under variable rate agreements are estimated using a present value technique based on expected cash flows discounted using the current market rates (Level 3).

- Senior notes and subordinated debt: The fair value of our borrowings under fixed rate agreements are estimated using a present value technique based on inputs from trading activity provided by a third party (Level 2).

- HUD mortgages: The fair value of our borrowings under HUD debt agreements are estimated using an expected present value technique based on quotes obtained by HUD debt brokers (Level 2).

NOTE 15 – TAXES

Omega and Omega OP, including their wholly owned subsidiaries were organized, have operated, and intend to continue to operate in a manner that enables Omega to qualify for taxation as a REIT under Sections 856 through 860 of the Code. On a quarterly and annual basis we perform several analyses to test our compliance within the REIT taxation rules. In order to qualify as a REIT, in addition to other requirements, we must: (i) distribute dividends (other than capital gain dividends) to our stockholders in an amount at least equal to (A) the sum of (a) 90% of our "REIT taxable income" (computed without regard to the dividends paid deduction and our net capital gain), and (b) 90% of the net income (after tax), if any, from foreclosure property, minus (B) the sum of certain items of non-cash income on an annual basis, (ii) ensure that at least 75% and 95%, respectively, of our gross income is generated from qualifying sources that are described in the REIT tax law, (iii) ensure that at least 75% of our assets consist of qualifying assets, such as real property, mortgages, and other qualifying assets described in the REIT tax law, (iv) ensure that we do not own greater than 10% in voting power or value of securities of any one issuer, (v) ensure that we do not own either debt or equity securities of another company that are in excess of 5% of our total assets and (vi) ensure that no more than 20% of our assets are invested in one or more taxable REIT subsidiaries (and with respect to taxable years beginning before January 1, 2018, no more than 25%). In addition to the above requirements, the REIT rules require that no less than 100 stockholders own shares or an interest in the REIT and that five or fewer individuals do not own (directly or indirectly) more than 50% of the shares or proportionate interest in the REIT during the last half of any taxable year. If we fail to meet the above or any other requirements for qualification as a REIT in any tax year, we will be subject to federal income tax on our taxable income at regular corporate rates and may not be able to qualify as a REIT for the four subsequent years, unless we qualify for certain relief provisions that are available in the event we fail to satisfy any of these requirements.

We are also subject to federal taxation of 100% of the net income derived from the sale or other disposition of property, other than foreclosure property, that we held primarily for sale to customers in the ordinary course of a trade or business. We believe that we do not hold assets for sale to customers in the ordinary course of business and that none of the assets currently held for sale or that have been sold would be considered a prohibited transaction within the REIT taxation rules.

So long as we qualify as a REIT under the Code, we generally will not be subject to federal income taxes on the REIT taxable income that we distribute to stockholders, subject to certain exceptions. In 2019, 2018, and 2017, we distributed dividends in excess of our taxable income.

The definition of foreclosure property includes any “qualified health care property,” as defined in Code Section 856(e)(6) acquired by us as the result of the termination or expiration of a lease of such property. We have from time to time operated qualified healthcare facilities acquired in this manner for up to two years (or longer if an extension was granted). Properties that we had taken back in a foreclosure or bankruptcy and operated for our own account were treated as foreclosure properties for income tax purposes, pursuant to Code Section 856(e). Gross income from foreclosure properties was classified as “good income” for purposes of the annual REIT income tests upon making the election on the tax return. Once made, the income was classified as “good” for a period of three years, or until the properties were no longer operated for our own account. In all cases of foreclosure property, we utilized an independent contractor to conduct day-to-day operations to maintain REIT status. In certain cases, we operated these facilities through a taxable REIT subsidiary. As a result of the foregoing, we do not believe that our past participation in the operation of nursing homes increased the risk that we would fail to qualify as a REIT.

We currently own stock in an entity that has elected to be taxed as a REIT. This subsidiary entity is required to individually satisfy all of the rules for qualification as a REIT qualification.

Subject to the limitation under the REIT asset test rules, we are permitted to own up to 100% of the stock of one or more taxable REIT subsidiaries (“TRSs”). We have elected for five of our active subsidiaries to be treated as TRSs. Three of our TRSs are domestic and are subject to federal, state and local income taxes at the applicable corporate rates and the other two are subject to foreign income taxes. As of December 31, 2019, one of our TRSs that is subject to federal, state and local income taxes at the applicable corporate rates had a net operating loss carry-forward of approximately $5.7 million. Up to 100% of the net operating loss carry-forwards arising in taxable years ending prior to January 1, 2018, may be used to reduce taxable income for any taxable year during the eligible carry-forward period. The net operating loss carry-forward arising in tax years ending subsequent to December 31, 2018, may be used to reduce only 80% of taxable income for any taxable year during the eligible carry-forward period. Our net operating loss carry-forward is fully reserved as of December 31, 2019, with a valuation allowance due to uncertainties regarding realization. Under current law, our net operating loss carryforwards generated up through December 31, 2017 may be carried forward for no more than 20 years, and our net operating loss carryforward generated in our taxable years ended December 31, 2019 and December 31, 2018 may be carried forward indefinitely. In connection with the MedEquities Merger on May 17, 2019, we acquired MedEquities Realty TRS, LLC. MedEquities Realty TRS, LLC has no assets, liabilities, revenues, or expenses and, accordingly, we have no tax accrual or net operating loss carryforward associated with this entity as of December 31, 2019.

For the year ended December 31, 2019, 2018 and 2017, we recorded approximately $0.9 million, $0.8 million and $2.4 million, respectively, of federal, state and local income tax provision. For the year ended December 31, 2019, 2018 and 2017, we recorded a provision for foreign income taxes of approximately $2.0 million, $2.2 million and $0.8 million, respectively. The above amounts include any income or franchise taxes payable to certain states and municipalities.

The following is a summary of deferred tax assets and liabilities:

	December 31,	
	2019	2018
	(in thousands)	
Deferred tax assets:		
Federal net operating loss carryforward	$ 1,199	$ 1,213
Total deferred assets	1,199	1,213
Deferred tax liabilities:		
Foreign deferred tax liabilities [(1)]	11,350	13,599
Total net deferred liabilities before valuation allowances	(10,151)	(12,386)
Valuation allowance on deferred tax asset	(1,199)	(1,213)
Net deferred tax liabilities	$ (11,350)	$ (13,599)

(1) The deferred tax liabilities primarily resulted from inherited basis differences resulting from our acquisition of entities in the U.K. Subsequent adjustments to these accounts result from GAAP to tax differences related to depreciation, indexation and revenue recognition.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was enacted. The Tax Act includes numerous changes to existing U.S. tax law, including lowering the statutory U.S. federal corporate income tax rate from 35% to 21% effective January 1, 2018. The changes from the Tax Act did not have a material impact to the Company's financial statements.

NOTE 16 - RETIREMENT ARRANGEMENTS

Our Company has a 401(k) Profit Sharing Plan covering all eligible employees. Under this plan, employees are eligible to make contributions, and we, at our discretion, may match contributions and make a profit sharing contribution. Amounts charged to operations with respect to these retirement arrangements totaled approximately $0.6 million in 2019, $0.5 million and $0.5 million in 2018 and 2017, respectively.

In addition, we have a deferred stock compensation plan that allows employees and directors the ability to defer the receipt of stock awards (units). The deferred stock awards (units) participate in future dividends as well as the change in the value of the Company's common stock. As of December 31, 2019 and 2018, the Company had 459,389 and 403,427 deferred stock units outstanding.

NOTE 17 – STOCKHOLDERS'/OWNERS' EQUITY

Forward Equity Sales Agreement

In connection with a $300 million underwritten public offering, we entered into a forward equity sales agreement on September 9, 2019 to sell 7.5 million shares of our common stock at an initial net price of $ 40.01 per share, after underwriting discounts and commissions. On December 27, 2019, we settled the forward equity sale agreement by physical delivery of 7.5 million shares of common stock at $ 39.45 per share, net of dividends paid and interest received, for net proceeds of approximately $295.9 million.

$500 Million Equity Shelf Program

On September 3, 2015, we entered into separate Equity Distribution Agreements (collectively, the "Equity Shelf Agreements") to sell shares of our common stock having an aggregate gross sales price of up to $500 million (the "2015 Equity Shelf Program") with several financial institutions, each as a sales agent and/or principal (collectively, the "Managers"). Under the terms of the Equity Shelf Agreements, we may sell shares of our common stock, from time to time, through or to the Managers having an aggregate gross sales price of up to $500 million. Sales of the shares, if any, are made by means of ordinary brokers' transactions on the New York Stock Exchange at market prices, or as otherwise agreed with the applicable Manager. We pay each Manager compensation for sales of the shares equal to 2% of the gross sales price per share for shares sold through such Manager under the applicable Equity Shelf Agreements.

For the year ended December 31, 2017, we issued approximately 0.7 million shares under the 2015 Equity Shelf Program, at an average price of $30.81 per share, net of issuance costs, generating net proceeds of approximately $ 22.1 million. For the year ended December 31, 2018, we issued approximately 2.3 million shares under the 2015 Equity Shelf Program, at an average price of $ 33.18 per share, net of issuance costs, generating net proceeds of approximately $75.5 million. For the year ended December 31, 2019, we issued approximately 3.1 million shares under the 2015 Equity Shelf Program, at an average price of $ 34.79 per share, net of issuance costs, generating net proceeds of approximately $109.0 million.

Dividend Reinvestment and Common Stock Purchase Plan

We have a Dividend Reinvestment and Common Stock Purchase Plan (the "DRSPP") that allows for the reinvestment of dividends and the optional purchase of our common stock. For the year ended December 31, 2017, we issued 1.2 million shares of common stock for gross proceeds of approximately $36.7 million. For the year ended December 31, 2018, we issued 1.5 million shares of common stock for gross proceeds of approximately $46.8 million. For the year ended December 31, 2019, we issued 3.0 million shares of common stock for gross proceeds of approximately $115.1 million.

Accumulated Other Comprehensive Loss

The following is a summary of our accumulated other comprehensive loss, net of tax where applicable:

	As of and For the Year Ended December 31,		
	2019	2018	2017
		(in thousands)	
Foreign Currency Translation:			
Beginning balance	$ (47,704)	$ (26,033)	$ (54,948)
Translation gain (loss)	12,646	(21,703)	28,604
Realized (loss) gain	(42)	32	311
Ending balance	(35,100)	(47,704)	(26,033)
Derivative Instruments:			
Cash flow hedges:			
Beginning balance	3,994	1,463	(1,420)
Unrealized (loss) gain	(7,071)	2,593	5,221
Realized gain (loss) (1)	708	(62)	(2,338)
Ending balance	(2,369)	3,994	1,463
Net investment hedge:			
Beginning balance	70	(7,070)	—
Unrealized (loss) gain	(4,490)	7,140	(7,070)
Ending balance	(4,420)	70	(7,070)
Total accumulated other comprehensive loss for Omega OP (2)	(41,889)	(43,640)	(31,640)
Add: portion included in noncontrolling interest	2,031	1,988	1,490
Total accumulated other comprehensive loss for Omega	$ (39,858)	$ (41,652)	$ (30,150)

(1) Recorded in interest expense on the Consolidated Statements of Operations.
(2) These amounts are included in owners' equity.

NOTE 18 – STOCK-BASED COMPENSATION

Time Based Restricted Equity Awards

Restricted stock, restricted stock units ("RSUs") and profits interest units ("PIUs") are subject to forfeiture if the holder's service to us terminates prior to vesting, subject to certain exceptions for certain qualifying terminations of service or a change in control of the Company. Prior to vesting, ownership of the shares/units cannot be transferred. The restricted stock has the same dividend and voting rights as our common stock. RSUs accrue dividend equivalents but have no voting rights. PIUs accrue distributions, which are equivalent to dividend equivalents, but have no voting rights. Once vested, each RSU is settled by the issuance of one share of Omega common stock and each PIU is settled by the issuance of one partnership unit in Omega OP ("Omega OP Unit"), subject to certain conditions. Restricted stock and RSUs are valued at the price of our common stock on the date of grant. The PIUs are valued using a Monte Carlo model to estimate fair value. We expense the cost of these awards ratably over their vesting period.

The following table summarizes the activity in restricted stock, RSUs, and PIUs for the years ended December 31, 2017, 2018 and 2019:

	Number of Shares/Omega OP Units	Weighted - Average Grant-Date Fair Value per Share	Compensation Cost (1) (in millions)
Non-vested at December 31, 2016	336,053	$ 37.32	
Granted during 2017	185,004	31.25	$ 5.8
Cancelled during 2017	(1,000)	34.78	
Vested during 2017	(182,548)	39.58	
Non-vested at December 31, 2017	337,509	32.78	
Granted during 2018	217,717	28.19	$ 6.1
Cancelled during 2018	(5,941)	30.82	
Vested during 2018	(190,412)	33.89	
Non-vested at December 31, 2018	358,873	29.44	
Granted during 2019	160,158	35.20	$ 5.6
Cancelled during 2019	(32,376)	30.38	
Vested during 2019	(188,063)	31.01	
Non-vested at December 31, 2019	298,592	$ 31.44	

(1) Total compensation cost to be recognized on the awards based on grant date fair value, which is based on the market price of the Company's common stock on the date of grant.

Performance Based Restricted Equity Awards

Performance-based restricted equity awards include performance restricted stock units ("PRSUs") and PIUs. PRSUs and PIUs are subject to forfeiture if the performance requirements are not achieved or if the holder's service to us terminates prior to vesting, subject to certain exceptions for certain qualifying terminations of employment or a change in control of the Company. The PRSUs awarded in January 2014, March 2015, April 2015, July 2015, March 2016, January 2017, January 2018, and January 2019 and the PIUs awarded in March 2015, April 2015, July 2015, March 2016, January 2017, January 2018, and January 2019 have varying degrees of performance requirements to achieve vesting, and each PRSU and PIU award represents the right to a variable number of shares of common stock or partnership units. Each PIU once earned is convertible into one Omega OP Unit in Omega OP, subject to certain conditions. The vesting requirements are based on either the (i) total shareholder return ("TSR") of Omega or (ii) Omega's TSR relative to other real estate investment trusts in the MSCI U.S. REIT Index for awards before 2016 and in the FTSE NAREIT Equity Health Care Index for awards granted in or after 2016 (both "Relative TSR"). We expense the cost of these awards ratably over their service period.

Prior to vesting and the distribution of shares or Omega OP Units, ownership of the PRSUs or PIUs cannot be transferred. Dividends on the PRSUs are accrued and only paid to the extent the applicable performance requirements are met. While each PIU is unearned, the employee receives a partnership distribution equal to 10% of the quarterly approved regular periodic distributions per Omega OP Unit. The remaining partnership distributions (which in the case of normal periodic distributions is equal to the total approved quarterly dividend on Omega's common stock) on the PIUs accumulate, and if the PIUs are earned, the accumulated distributions are paid. We used a Monte Carlo model to estimate the fair value for the PRSUs and PIUs granted to the employees. The following are the significant assumptions used in estimating the value of the awards for grants made on the following dates:

	January 1, 2017	January 1, 2018	January 1, 2019
Closing price on date of grant	$ 31.26	$ 27.54	$ 35.15
Dividend yield	7.81 %	9.44 %	7.51 %
Risk free interest rate at time of grant	0.66 % to 1.58 %	1.60 % to 2.05 %	2.45 % to 2.51 %
Expected volatility	22.82 % to 25.26 %	21.03 % to 23.24 %	21.78 % to 22.76 %

The following table summarizes the activity in PRSUs and PIUs for the years ended December 31, 2017, 2018 and 2019:

	Number of Shares	Weighted-Average Grant-Date Fair Value per Share	Compensation Cost [1] (in millions)
Non-vested at December 31, 2016	1,073,998	$ 16.08	
Granted during 2017	685,064	14.87	$ 10.20
Cancelled during 2017	(5,361)	15.98	
Forfeited during 2017	(392,921)	18.33	
Vested during 2017	—	—	
Non-vested at December 31, 2017	1,360,780	14.82	
Granted during 2018	1,012,032	10.40	$ 10.50
Cancelled during 2017	—	—	
Forfeited during 2018	(203,380)	11.82	
Vested during 2018	—	—	
Non-vested at December 31, 2018	2,169,432	13.04	
Granted during 2019	822,584	14.80	$ 12.22
Cancelled during 2019	(125,885)	14.57	
Forfeited during 2019	—	—	
Vested during 2019 [2]	(465,044)	15.89	
Non-vested at December 31, 2019	2,401,087	$ 13.01	

(1) Total compensation cost to be recognized on the awards was based on the grant date fair value.

(2) PRSUs are shown as vesting in the year that the Compensation Committee determines the level of achievement of the applicable performance measures.

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The following table summarizes our total unrecognized compensation cost as of December 31, 2019 associated with restricted stock awards, RSU awards, PRSU awards, and PIU awards to employees:

RSUs and PIUs	Grant Year	Shares/ Units	Grant Date Average Fair Value Per Unit/Share	Total Compensation Cost (in millions) (1)	Weighted Average Period of Expense Recognition (in months)	Unrecognized Compensation Cost (in millions)	Performance Period	Vesting Dates
1/1/2018 RSUs	2018	154,732	$ 27.54	$ 4.30	36	$ 1.30	N/A	12/31/2020
1/1/2019 RSUs	2019	27,464	35.15	1.00	36	0.60	N/A	12/31/2021
1/1/2019 PIUs	2019	91,992	34.89	3.20	36	2.10	N/A	12/31/2021
RSUs and PIUs Total		**274,188**	**30.77**	**8.50**		**4.00**		
TSR PRSUs and PIUs								
1/1/2017 - 2019 PRSUs	2017	386,220	12.61	4.90	48	1.20	1/1/2017 - 12/31/2019	Quarterly in 2020
1/1/2018 - 2020 PRSUs	2018	658,042	7.31	4.80	48	2.40	1/1/2018 - 12/31/2020	Quarterly in 2021
1/1/2019 - 2021 PRSUs	2019	100,882	11.53	1.20	48	0.90	1/1/2019 - 12/31/2021	Quarterly in 2022
1/1/2019 - 2021 PIUs	2019	377,766	12.03	4.50	48	3.40	1/1/2019 - 12/31/2021	Quarterly in 2022
TSR PRSUs & PIUs Total		**1,522,910**	**10.11**	**15.40**		**7.90**		
Relative TSR PRSUs and PIUs								
1/1/2017 - 2019 Relative PRSUs	2017	271,832	18.02	4.90	48	1.20	1/1/2017 - 12/31/2019	Quarterly in 2020
1/1/2018 - 2020 Relative PRSUs	2018	315,100	16.64	5.20	48	2.60	1/1/2018 - 12/31/2020	Quarterly in 2021
1/1/2019 - 2021 Relative PRSUs	2019	60,158	19.33	1.20	48	0.90	1/1/2019 - 12/31/2021	Quarterly in 2022
1/1/2019 - 2021 Relative PIUs	2019	231,087	19.67	4.50	48	3.40	1/1/2019 - 12/31/2021	Quarterly in 2022
Relative TSR PRSUs and PIUs Total		**878,177**	**18.05**	**15.80**		**8.10**		
Grand Total		**2,675,275**	**$ 14.83**	**$ 39.70**		**$ 20.00**		

(1) Total shares/units and compensation costs are net of shares/units cancelled.
(2) This table excludes approximately $1.1 million of unrecognized compensation costs related to our directors.

Tax Withholding for Stock Compensation Plans

Stock withheld to pay tax withholdings for equity instruments granted under stock-based payment arrangements for the years ended December 31, 2019, 2018 and 2017, was $4.8 million, $1.7 million and $2.1 million, respectively.

Shares Available for Issuance for Compensation Purposes

On June 8, 2018, at the Annual Meeting of Stockholders, our stockholders approved the 2018 Stock Incentive Plan (the “2018 Plan”), which amended and restated the Company’s 2013 Stock Incentive Plan (the “2013 Plan”). The 2018 Plan is a comprehensive incentive compensation plan that allows for various types of equity-based compensation, including RSUs (including PRSUs), stock awards (including restricted stock), deferred restricted stock units, incentive stock options, non-qualified stock options, stock appreciation rights, dividend equivalent rights, performance unit awards, certain cash-based awards (including performance-based cash awards), PIUs and other stock-based awards. The 2018 Plan increased the number of shares of common stock available for issuance under the 2013 Plan by 4.5 million.

As of December 31, 2019, approximately 4.4 million shares of common stock were reserved for issuance to our employees, directors and consultants under our stock incentive plans.

NOTE 19 - DIVIDENDS

Common Dividends

The Board of Directors has declared common stock dividends as set forth below:

Record Date	Payment Date	Dividend per Common Share
January 31, 2019	February 15, 2019	$ 0.66
April 30, 2019	May 15, 2019	$ 0.66
July 31, 2019	August 15, 2019	$ 0.66
October 31, 2019	November 15, 2019	$ 0.67
January 31, 2020	February 14, 2020	$ 0.67

On the same dates listed above, Omega OP Unit holders received the same distributions per unit as those paid to the common stockholders of Omega.

Per Share Distributions

Per share distributions by our Company were characterized in the following manner for income tax purposes (unaudited):

	Year Ended December 31,		
Common	**2019**	**2018**	**2017**
Ordinary income	$ 1.763	$ 1.691	$ 1.571
Return of capital	0.591	0.931	0.932
Capital gains	0.296	0.018	0.037
Total dividends paid	$ 2.650	$ 2.640	$ 2.540

For additional information regarding dividends, see Note 15 – Taxes.

NOTE 20 – COMMITMENTS AND CONTINGENCIES

Litigation

On November 16, 2017, a purported securities class action complaint captioned *Dror Gronich v. Omega Healthcare Investors, Inc., C. Taylor Pickett, Robert O. Stephenson, and Daniel J. Booth* was filed against the Company and certain of its officers in the United States District Court for the Southern District of New York (the "Court"), Case No. 1:17-cv-08983-NRB. On November 17, 2017, a second purported securities class action complaint captioned *Steve Klein v. Omega Healthcare Investors, Inc., C. Taylor Pickett, Robert O. Stephenson, and Daniel J. Booth* was filed against the Company and the same officers in the United States District Court for the Southern District of New York, Case No. 1:17-cv-09024-NRB. Thereafter, the Court considered a series of applications by various shareholders to be named lead plaintiff, consolidated the two actions and designated Royce Setzer as the lead plaintiff.

Pursuant to a Scheduling Order entered by the Court, lead plaintiff Setzer and additional plaintiff Earl Holtzman filed a Consolidated Amended Class Action Complaint on May 25, 2018 (the "Securities Class Action"). The Securities Class Action purports to be a class action brought on behalf of shareholders who acquired the Company's securities between May 3, 2017 and October 31, 2017. The Securities Class Action alleges that the defendants violated the Securities Exchange Act of 1934, as amended (the "Exchange Act"), by making materially false and/or misleading statements, and by failing to disclose material adverse facts about the Company's business, operations, and prospects, including the financial and operating results of one of the Company's operators, the ability of such operator to make timely rent payments, and the impairment of certain of the Company's leases and the uncollectibility of certain receivables. The Securities Class Action, which purports to assert claims for violations of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, as well as Section 20(a) of the Exchange Act, seeks an unspecified amount of monetary damages, interest, fees and expenses of attorneys and experts, and other relief. The Company and the officers named in the Securities Class Action filed a Motion to Dismiss on July 17, 2018. On March 25, 2019, the Court entered an order dismissing with prejudice all claims against all defendants. Plaintiffs have appealed the order to the United States Court of Appeals for the Second Circuit. The appeal is fully briefed, and the Court heard oral argument on November 13, 2019. The Company is awaiting a decision on the appeal.

The Board of Directors received a demand letter, dated April 9, 2018, from an attorney representing Phillip Swan ("Swan"), a purported current shareholder of the Company, relating to the subject matter covered by the Securities Class Action (the "Swan Shareholder Demand"). The letter demanded that the Board of Directors conduct an investigation into the statements and other matters at issue in the Securities Class Action and commence legal proceedings against each party identified as being responsible for the alleged activities. After an investigation and due consideration, and in the exercise of its business judgment, the Board determined that it is not in the best interests of the Company to commence litigation against any current or former officers or directors based on the matters raised in the Swan Shareholder Demand. In November 2018, the Board also received shareholder demands from two additional purported shareholders, Tom Bradley ("Bradley") and Sarah Smith ("Smith"), each represented by the same counsel as Swan, that were substantively identical to the Swan Shareholder Demand (the "Bradley/Smith Shareholder Demands"). The Board reached the same conclusion with respect to those demands as it reached with the Swan Shareholder Demand.

On August 22, 2018, Stourbridge Investments LLC, a purported stockholder of the Company, filed a derivative action purportedly on behalf of the Company in the United States District Court for the Southern District of New York against the current directors of the Company as well as certain officers alleging violations of Section 14(a) of the Securities Exchange Act of 1934 and state-law claims including breach of fiduciary duty. *Stourbridge Investments LLC v. Callen et al.,* No. 1:18-cv-07638. The complaint alleges, among other things, that the defendants are responsible for the Company's failure to disclose the financial condition of Orianna Health Systems, the alleged non-disclosures that are also the subject of the Securities Class Action described above. The defendants in the action are the three individual defendants named in the Securities Class Action (Messrs. Pickett, Booth and Stephenson), as well as the Company's non-management directors. The plaintiff did not make a demand on the Company to bring the action prior to filing it, but rather alleges that demand would have been futile. The parties have entered into a stipulation in which they agreed to stay the case, including any response by defendants, pending the entry of judgment or a voluntary dismissal with prejudice in the Securities Class Action. The agreed-upon stipulation and order to stay the case were entered by the Court on October 25, 2018.

On January 30, 2019, Swan filed a derivative action in the Baltimore City Circuit Court of Maryland, purportedly on behalf of the Company against certain current and former directors of the Company as well as certain officers, asserting claims for breach of fiduciary duty, waste of corporate assets and unjust enrichment. *Swan v. Pickett, et al.,* No. 24-C-19-000573. Swan alleges that the Swan Shareholder Demand was wrongfully refused. On February 21, 2019, Bradley and Smith filed a derivative action in the Baltimore City Circuit Court of Maryland, purportedly on behalf of the Company against certain current and former directors of the Company as well as certain officers, asserting claims for breach of fiduciary duty, abuse of control, gross mismanagement, and unjust enrichment. *Bradley and Smith v. Callen, et al.*, No. 24-c-19-000972. Bradley and Smith allege that the Bradley/Smith Shareholder Demands were wrongly refused. The derivative actions brought by Swan and Bradley and Smith have been consolidated under the heading of the *Swan* action. The parties in those actions have agreed to a stay of proceedings pending the issuance of a mandate from the Second Circuit Court of Appeals in the appeal of the dismissal of the Securities Class Action. On October 11, 2019, the Court issued an order adopting the stay of proceedings agreed to by the parties.

The Company believes that the claims asserted against it in these lawsuits are without merit and intends to vigorously defend against them.

Separately, during February and March 2019, four lawsuits were filed by purported stockholders of MedEquities against MedEquities and its directors challenging the proposed merger between MedEquities and the Company. Two of the lawsuits also named the Company as a defendant. Three of these actions were dismissed during 2019, including both actions that named the Company as defendant. These actions were *Brekka v. MedEquities Realty Trust, Inc., et al*., Case 1:19-cv-00535-JKB, in the United States District Court for the District of Maryland; *Scarantino v. McRoberts et al*., Case No. 24-c-19-001027, in the Circuit Court for Baltimore City, Maryland; and *Bushansky v. MedEquities Realty Trust, Inc., et al.*, Case 3:19-cv-00231, in the United States District Court for the Middle district of Tennessee. In addition, the defendants reached agreements with the plaintiffs regarding the resolution of any claims for attorney's fees or "mootness fees" in connection with these matters. In January of 2020, the fourth action, *Russell v. MedEquities Realty Trust, Inc., et al*., Case No. C-03-CV-19-000721 was also dismissed, and an agreement was entered into with that plaintiff regarding the resolution of any claims for attorney's fees or "mootness fees" in that matter.

Other

In September 2016, MedEquities received a Civil Investigative Demand ("CID") from the U.S. Department of Justice ("DOJ"), which indicates that it is conducting an investigation regarding alleged violations of the False Claims Act, Stark Law and Anti-Kickback Statute in connection with claims that may have been submitted to Medicare and other federal payors for services rendered to patients at Lakeway Hospital or by providers with financial relationships with Lakeway Hospital. As a result of the acquisition of MedEquities, the Company owns a 51% interest in an unconsolidated partnership that owns Lakeway Hospital (the "Lakeway Partnership"). The CID requested certain documents and information related to the acquisition and ownership of Lakeway Hospital through the Lakeway Partnership. The Company has learned that the DOJ is investigating MedEquities' conduct in connection with its investigation of financial relationships related to Lakeway Hospital, including allegations by the DOJ that these relationships violate and continue to violate the Anti-Kickback Statute and, as a result, related claims submitted to federal payors violated and continue to violate the False Claims Act. The Company is cooperating fully with the DOJ in connection with the CID and has produced all of the information that has been requested to date.

The Company believes that the acquisition, ownership and leasing of Lakeway Hospital through the Lakeway Partnership was and is in compliance with all applicable laws. However, due to the uncertainties surrounding this matter and its ultimate outcome, we are unable to determine whether it is probable that any loss has been incurred.

In addition, we are subject to various other legal proceedings, claims and other actions arising out of the normal course of business. While any legal proceeding or claim has an element of uncertainty, management believes that the outcome of each lawsuit, claim or legal proceeding that is pending or threatened, or all of them combined, will not have a material adverse effect on our consolidated financial position or results of operations.

Indemnification Agreements

In connection with certain facility transitions, we have agreed to indemnify certain operators in certain events. As of December 31, 2019, our maximum funding commitment under these indemnification agreements was approximately $12.8 million. Claims under these indemnification agreements may be made within 18 months to 72 months of the transition date. These indemnification agreements were provided to certain operators in connection with facility transitions and generally would be applicable in the event that the prior operators do not perform under their transition agreements. The Company does not expect to fund a material amount under these indemnification agreements.

Commitments

We have committed to fund the construction of new leased and mortgaged facilities, capital improvements and other commitments. We expect the funding of these commitments to be completed over the next several years. Our remaining commitments at December 31, 2019, are outlined in the table below (in thousands):

Total commitments	$ 690,361
Amounts funded to date [1]	(520,447)
Remaining commitments	$ 169,914

(1) Includes finance costs.

Environmental Matters

As of December 31, 2019 and 2018, we had identified conditional asset retirement obligations primarily related to the future removal and disposal of asbestos that is contained within certain of our real estate investment properties. The asbestos is appropriately contained, and we believe we are compliant with current environmental regulations. If these properties undergo major renovations or are demolished, certain environmental regulations are in place, which specify the manner in which asbestos must be handled and disposed. We are required to record the fair value of these conditional liabilities if they can be reasonably estimated. As of December 31, 2019 and 2018, no liability for conditional asset retirement obligations was recorded on our accompanying Consolidated Balance Sheets.

NOTE 21 – SUPPLEMENTAL DISCLOSURE TO CONSOLIDATED STATEMENTS OF CASH FLOWS

The following are supplemental disclosures to the consolidated statements of cash flows for the year ended December 31, 2019, 2018 and 2017:

	Year Ended December 31,		
	2019	2018	2017
		(in thousands)	
Reconciliation of cash and cash equivalents and restricted cash:			
Cash and cash equivalents	$ 24,117	$ 10,300	$ 85,937
Restricted cash	9,263	1,371	10,871
Cash, cash equivalents and restricted cash at end of period	$ 33,380	$ 11,671	$ 96,808
Supplemental information:			
Interest paid during the period, net of amounts capitalized	$ 205,943	$ 211,863	$ 182,832
Taxes paid during the period	$ 5,097	$ 4,772	$ 4,141
Non cash investing activities			
Non cash acquisition of business (See Note 3)	$ (566,966)	$ —	$ —
Non cash acquisition of real estate (See Note 3)	(531,801)	(185,592)	(27,170)
Non cash proceeds from sale of real estate investments (See Note 3)	—	53,118	—
Non cash surrender of mortgage (See Note 3)	11,874	—	—
Non cash investment in other investments	(27,408)	(16,153)	(6,353)
Non cash proceeds from other investments (See Note 3 and Note 6)	149,542	7,000	30,187
Non cash settlement of direct financing lease (See Note 3 and Note 4)	4,970	184,462	18,989
Initial non cash right of use asset - ground leases	5,593	—	—
Initial non cash lease liability - ground leases	(5,593)	—	—
Non cash financing activities			
Debt assumed in merger (see Note 3)	$ 285,100	$ —	$ —
Stock exchanged in merger (see Note 3)	281,865	—	—
Acquisition of other long term borrowings (see Note 13)	388,627	—	—
Non cash disposition of other long-term borrowings (see Note 13)	—	(53,118)	—
Non cash repayment of other long term debt (see Note 13)	(6,459)	—	—
Change in fair value of cash flow hedges	(7,757)	2,531	2,970
Remeasurement of debt denominated in a foreign currency	4,490	(7,140)	7,070

NOTE 22 - SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

The following summarizes the Omega and Omega OP's quarterly results of operations for the years ended December 31, 2019 and 2018:

Omega	**March 31,**	**June 30,**	**September 30,**	**December 31,**
	(in thousands, except per share amounts)			
2019				
Revenues	$ 223,688	$ 225,279	$ 233,195	$ 246,668
Net income [(1)]	$ 72,182	$ 75,671	$ 142,948	$ 61,146
Net income available to common stockholders	$ 69,702	$ 73,141	$ 138,740	$ 59,540
Net income available to common per share:				
Basic	$ 0.34	$ 0.35	$ 0.64	$ 0.27
Net income per share:				
Diluted	$ 0.34	$ 0.34	$ 0.63	$ 0.27
2018				
Revenues	$ 220,199	$ 219,881	$ 221,852	$ 219,750
Net income [(2)]	$ 87,933	$ 81,986	$ 59,062	$ 64,903
Net income available to common stockholders	$ 84,220	$ 78,536	$ 56,606	$ 62,216
Net income available to common per share:				
Basic	$ 0.42	$ 0.39	$ 0.28	$ 0.31
Net income per share:				
Diluted	$ 0.42	$ 0.39	$ 0.28	$ 0.31

Omega OP	**March 31,**	**June 30,**	**September 30,**	**December 31,**
	(in thousands, except per share amounts)			
2019				
Revenues	$ 223,688	$ 225,279	$ 233,195	$ 246,668
Net income [(1)]	$ 72,182	$ 75,671	$ 142,948	$ 61,146
Net income available to owners'	$ 72,182	$ 75,671	$ 142,957	$ 61,149
Net income available to Omega OP Unit holders:				
Basic	$ 0.34	$ 0.35	$ 0.64	$ 0.27
Net income per unit:				
Diluted	$ 0.34	$ 0.34	$ 0.63	$ 0.27
2018				
Revenues	$ 220,199	$ 219,881	$ 221,852	$ 219,750
Net income [(2)]	$ 87,933	$ 81,986	$ 59,062	$ 64,903
Net income available to owners'	$ 87,933	$ 81,986	$ 59,062	$ 64,903
Net income available to Omega OP Unit holders:				
Basic	$ 0.42	$ 0.39	$ 0.28	$ 0.31
Net income per unit:				
Diluted	$ 0.42	$ 0.39	$ 0.28	$ 0.31

(1) Amounts reflect provisions for uncollectible accounts and impairment on real estate properties and direct financing leases of$7.7 million, $5.7 million, $3.8 million and $35.9 million for the three month periods ended March 31, 2019, June 30, 2019, September 30, 2019 and December 31, 2019, respectively. Amounts also reflect net gain (loss) on assets sold – net of approximately $3,000, $(0.3) million, $53.1 million and $2.9 million for the three months periods ended March 31, 2019, June 30, 2019, September 30, 2019 and December 31, 2019, respectively.

(2) Amounts reflect provisions (recovery) for uncollectible accounts and impairment (recovery) on real estate properties and direct financing leases of$12.7 million, $(0.5) million, $20.9 million and $30.6 million for the three month periods ended March 31, 2018, June 30, 2018, September 30, 2018 and December 31, 2018, respectively. Amounts also reflect net gain (loss) on assets sold of $17.5 million, $(2.9) million, $(5.4) million and $15.5 million for the three month periods ended March 31, 2018, June 30, 2018, September 30, 2018 and December 31, 2018, respectively.

NOTE 23 - EARNINGS PER SHARE/UNIT

The following tables set forth the computation of basic and diluted earnings per share/unit:

	Omega			Omega OP		
	Year Ended December 31,			Year Ended December 31,		
	2019	2018	2017	2019	2018	2017
	(in thousands, except per share amounts)					
Numerator:						
Net income	$ 351,947	$ 293,884	$ 104,910	$ 351,947	$ 293,884	$ 104,910
(Less) add: net (income) loss attributable to noncontrolling interests	(10,824)	(12,306)	(4,491)	12	—	—
Net income available to common stockholders/Omega OP Unit holders	$ 341,123	$ 281,578	$ 100,419	$ 351,959	$ 293,884	$ 104,910
Denominator:						
Denominator for basic earnings per share	213,404	200,279	197,738	220,193	209,020	206,521
Effect of dilutive securities:						
Common stock equivalents	1,753	691	269	1,753	691	269
Net forward share contract	179	—	—	179	—	—
Noncontrolling interest – Omega OP Units	6,789	8,741	8,783	—	—	—
Denominator for diluted earnings per share/unit	222,125	209,711	206,790	222,125	209,711	206,790
Earnings per share/unit - basic:						
Net income available to common stockholders/Omega OP Unit holders	$ 1.60	$ 1.41	$ 0.51	$ 1.60	$ 1.41	$ 0.51
Earnings per share/unit – diluted:						
Net income	$ 1.58	$ 1.40	$ 0.51	$ 1.58	$ 1.40	$ 0.51

In September 2019, the Company entered into a forward equity sales agreement to sell up to an aggregate of 7.5 million shares of our common stock at an initial net price of $40.01 per share, after underwriting discounts and commissions. On December 27, 2019, the Company completed the forward equity sale and issued the 7.5 million shares of common stock at a net price of $ 39.45 per share, and received approximately $295.9 million of net proceeds. See Note 17 – Stockholder/Owners' Equity – Forward Equity Sales Agreement. The shares issuable prior to settlement of the forward equity sales agreement are reflected in the diluted earnings per share calculations using the treasury stock method. Under this method, the number of the Company's common shares used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of common shares that would be issued upon full physical settlement of the forward equity sales agreement over the number of common shares that could be purchased by the Company in the market (based on the average market price during the period) using the proceeds receivable upon full physical settlement (based on the adjusted forward sale price at the end of the reporting period).

OMEGA HEALTHCARE INVESTORS, INC. AND OHI HEALTHCARE PROPERTIES LIMITED PARTNERSHIP

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS
(in thousands)
December 31, 2019

Description	Balance at Beginning of Period	Charged to Provision Accounts	Deductions or Other (1)	Balance at End of Period
Year Ended December 31, 2019:				
Allowance for doubtful accounts:				
Contractual receivables (2)	$ 1,075	$ —	$ 1,075	$ —
Mortgage notes receivable	4,905	—	—	4,905
Direct financing leases	103,200	7,917	110,900	217
Total	$ 109,180	$ 7,917	$ 111,975	$ 5,122
Year Ended December 31, 2018:				
Allowance for doubtful accounts:				
Contractual receivables	$ 8,463	$ (4,226)	$ 3,162	$ 1,075
Other receivables and lease inducements	—	10,962	10,962	—
Mortgage notes receivable	4,905	—	—	4,905
Other investments	373	(47)	326	—
Direct financing leases	172,172	27,168	96,140	103,200
Total	$ 185,913	$ 33,857	$ 110,590	$ 109,180
Year Ended December 31, 2017:				
Allowance for doubtful accounts:				
Contractual receivables	$ 299	$ 8,491	$ 327	$ 8,463
Other receivables and lease inducements	58	4,901	4,959	—
Mortgage notes receivable	3,934	971	—	4,905
Other investments	4,798	217	4,642	373
Direct financing leases	—	198,199	26,027	172,172
Total	$ 9,089	$ 212,779	$ 35,955	$ 185,913

(1) Uncollectible accounts written off, net of recoveries or adjustments.
(2) The Company adopted Topic 842 on January 1, 2019. As a result of this adoption, lease related receivables are written off through rental income, as opposed to the provision account. As such, our lease receivables are no longer considered in the valuation and qualifying accounts.

OMEGA HEALTHCARE INVESTORS, INC. AND OHI HEALTHCARE PROPERTIES LIMITED PARTNERSHIP

SCHEDULE III – REAL ESTATE AND ACCUMULATED DEPRECIATION
(in thousands)
December 31, 2019

		Initial Cost to Company		Cost Capitalized Subsequent to Acquisition			Gross Amount at Which Carried at Close of Period (3) (5)						
Description (1)	Encumbrances	Land	Buildings and Improvements	Improvements	Carrying Cost	(6) Other	Land	Buildings and Improvements	Total	(4) Accumulated Depreciation	Date of Construction	(7) Date Acquired	Life on Which Depreciation in Latest Income Statements is Computed
Consulate Health Care:													
Florida (ALF, SNF)	(2)	$ 57,250	$ 558,594	$ 2,607	$ —	$ —	$ 57,250	$ 561,201	$ 618,451	$ 35,609	1950 - 2000	1993 - 2019	25 years to 37 years
Kentucky (SNF)		209	6,860	—	—	—	209	6,860	7,069	62	1976	2019	25 years
Louisiana (SNF)	(2)	1,751	25,249	—	—	—	1,751	25,249	27,000	226	1962 - 1988	2019	25 years
Mississippi (SNF)	(2)	3,548	56,606	—	—	—	3,548	56,606	60,154	497	1965 - 1974	2019	25 years
Missouri (SNF)		204	4,380	—	—	—	204	4,380	4,584	53	1970	2019	25 years
North Carolina (SNF)	(2)	7,126	94,107	—	—	(711)	7,126	93,396	100,522	12,875	1969 - 1995	2010 - 2019	25 years to 36 years
Pennsylvania (ALF, ILF, SNF)		8,361	82,661	—	—	—	8,361	82,661	91,022	2,366	1964 - 1999	2019	25 years
Virginia (ALF, ILF, SNF)		1,588	39,215	—	—	—	1,588	39,215	40,803	1,149	1967 - 1975	2019	25 years
Total Consulate Health Care:		$ 80,037	$ 867,672	$ 2,607	$ —	$ (711)	$ 80,037	$ 869,568	$ 949,605	$ 52,837			
Maplewood Real Estate Holdings, LLC:													
Connecticut (ALF)		$ 25,063	$ 254,085	$ 6,761	$ —	$ —	$ 25,063	$ 260,846	$ 285,909	$ 35,990	1968 - 2015	2010 - 2017	30 years to 33 years
Massachusetts (ALF, SNF)		19,041	113,728	15,964	—	(680)	19,041	129,012	148,053	22,568	1988 - 2017	2014	30 years to 33 years
New Jersey (ALF)		10,673	—	1,059	56	—	10,673	1,115	11,788	—	N/A	2019	N/A
New York (ALF)		118,606	—	154,373	32,026	—	118,606	186,399	305,005	—	N/A	2015	N/A
Ohio (ALF)		3,683	27,628	35	—	—	3,683	27,663	31,346	4,633	1999 - 2016	2013 - 2014	30 years to 33 years
Total Maplewood Real Estate Holdings, LLC		$ 177,066	$ 395,441	$ 178,192	$ 32,082	$ (680)	$ 177,066	$ 605,035	$ 782,101	$ 63,191			
Agemo Holdings, LLC:													
Florida (SNF)		$ 14,077	$ 166,901	$ 32,513	$ 1,333	$ —	$ 14,077	$ 200,747	$ 214,824	$ 62,198	1940 - 1997	1996 - 2016	3 years to 39 years
Georgia (SNF)		3,833	10,847	3,949	—	—	3,833	14,796	18,629	10,762	1964 - 1970	2007	20 years
Kentucky (SNF)		13,153	84,321	3,422	—	—	13,153	87,743	100,896	29,174	1964 - 1980	1999 - 2016	20 years to 33 years
Maryland (SNF)		1,480	19,663	1,183	—	—	1,480	20,846	22,326	9,231	1959 - 1977	2010	29 years to 30 years
Tennessee (ALF, SNF)		7,664	179,849	—	—	—	7,664	179,849	187,513	29,434	1966 - 2016	2014 - 2016	25 years to 30 years
Total Agemo Holdings, LLC		$ 40,207	$ 461,581	$ 41,067	$ 1,333	$ —	$ 40,207	$ 503,981	$ 544,188	$ 140,799			
Saber Health Group:													
Florida (SNF)		$ 423	$ 4,422	$ 283	$ —	$ —	$ 423	$ 4,705	$ 5,128	$ 1,022	2009	2011	33 years
North Carolina (SNF)		12,068	133,091	3,738	—	—	12,068	136,829	148,897	22,983	1930 - 2019	2013 - 2019	25 years to 30 years
Ohio (SNF)		4,128	92,898	5,422	—	(268)	4,128	98,052	102,180	16,602	1979 - 2013	2011 - 2016	30 years to 33 years
Pennsylvania (SNF)		7,134	124,476	5,070	—	—	7,134	129,546	136,680	23,620	1873 - 2002	2007 - 2011	33 years
Virginia (SNF)		14,285	121,320	6,510	—	(405)	14,285	127,425	141,710	19,002	1964 - 2013	2013 - 2019	30 years
Total Saber Health Group		$ 38,038	$ 476,207	$ 21,023	$ —	$ (673)	$ 38,038	$ 496,557	$ 534,595	$ 83,229			
CommuniCare Health Services, Inc.:													
Indiana (SNF)		$ 20,029	$ 202,646	$ 810	$ —	$ 6,093	$ 20,029	$ 209,549	$ 229,578	$ 24,010	1963 - 2015	2013 - 2018	20 years to 30 years
Maryland (SNF)		7,190	74,029	4,690	—	—	7,190	78,719	85,909	24,450	1921 - 1985	2010 - 2011	25 years to 30 years
Ohio (SNF)		5,206	83,288	19,433	251	(3,004)	5,206	99,968	105,174	32,090	1962 - 1988	2005 - 2018	30 years to 39 years
Pennsylvania (SNF)		1,753	18,533	11,299	—	—	1,753	29,832	31,585	15,238	1950 - 1964	2005	39 years
Virginia (SNF)		2,408	10,757	1,038	—	—	2,408	11,795	14,203	1,011	1979	2018	30 years
West Virginia (SNF)		450	14,759	184	—	—	450	14,943	15,393	4,068	1963	2011	35 years
Total CommuniCare Health Services, Inc.		$ 37,036	$ 404,012	$ 37,454	$ 251	$ 3,089	$ 37,036	$ 444,806	$ 481,842	$ 100,867			
Ciena Healthcare:													
Indiana (SNF)		$ 321	$ 7,703	$ —	$ —	$ —	$ 321	$ 7,703	$ 8,024	$ 1,556	1973	2014	33 years
Michigan (ALF, SNF)		4,087	115,547	548	—	—	4,087	116,095	120,182	21,179	1964 - 1997	2014	33 years
North Carolina (SNF)		4,097	60,275	663	—	—	4,097	60,938	65,035	11,395	1927 - 1992	2014	33 years
Ohio (ALF, SNF)		10,343	159,847	131	—	(80)	10,343	159,898	170,241	29,727	1960 - 2007	2010 - 2016	20 years to 33 years
Virginia (SNF)		6,300	87,772	113	—	(174)	6,126	87,885	94,011	13,760	1979 - 2007	2016	30 years
Total Ciena HealthCare		$ 25,148	$ 431,144	$ 1,455	$ —	$ (254)	$ 24,974	$ 432,519	$ 457,493	$ 77,617			

SCHEDULE III – REAL ESTATE AND ACCUMULATED DEPRECIATION — continued
(in thousands)
December 31, 2019

	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition			Gross Amount at Which Carried at Close of Period (3) (5)						
Description (1)	Land	Buildings and Improvements	Improvements	Carrying Cost	(6) Other	Land	Buildings and Improvements	Total	(6) Accumulated Depreciation	Date of Construction	(7) Date Acquired	Life on Which Depreciation in Latest Income Statements is Computed
Other:												
Alabama (SNF)	$ 1,817	$ 33,356	$ 12,916	$ —	$ —	$ 1,817	$ 46,272	$ 48,089	$ 36,969	1960 - 1982	1992 - 1997	31 years to 33 years
Arizona (ALF, SNF)	10,737	86,537	340	—	—	10,737	86,877	97,614	19,218	1949 - 1999	2005 - 2014	33 years to 40 years
Arkansas (ALF, SNF)	2,893	59,094	8,516	—	(36)	2,893	67,574	70,467	35,854	1967 - 1988	1992 - 2014	25 years to 31 years
California (ALF, SH, SNF, TBI)	90,514	504,011	5,122	—	(599)	90,514	508,534	599,048	101,579	1927 - 2013	1997 - 2015	5 years to 35 years
Colorado (ILF, SNF)	11,279	88,830	7,791	—	—	11,279	96,621	107,900	41,148	1925 - 1975	1998 - 2016	20 years to 39 years
Connecticut (SNF)	1,600	8,196	—	—	—	1,600	8,196	9,796	257	1991	2017	25 years
Florida (ALF, SNF)	53,783	528,036	14,136	—	(13,938)	52,843	529,174	582,017	175,542	1933 - 2019	1992 - 2017	2 years to 40 years
Georgia (ALF, SNF)	3,740	47,689	769	—	—	3,740	48,458	52,198	10,006	1967 - 1997	1998 - 2016	30 years to 40 years
Idaho (SNF)	6,824	72,249	1,763	—	(13,922)	6,824	60,090	66,914	16,518	1920 - 2008	1997 - 2019	25 years to 39 years
Indiana (ALF, ILF, IRF, MOB, SH, SNF)	27,581	371,308	435	—	(1,841)	27,560	369,923	397,483	107,818	1942 - 2008	1992 - 2018	20 years to 40 years
Iowa (ALF, SNF)	2,343	59,310	—	—	—	2,343	59,310	61,653	13,956	1961 - 1998	2010 - 2014	23 years to 33 years
Kansas (SNF)	4,153	43,482	14,218	—	(4,850)	4,092	52,911	57,003	14,557	1957 - 1977	2005 - 2011	25 years
Kentucky (ALF, SNF)	3,193	55,267	3,502	—	—	3,193	58,769	61,962	12,174	1969 - 2002	2014	33 years
Louisiana (SNF)	4,925	52,869	9,711	56	(709)	4,925	61,927	66,852	23,919	1957 - 1983	1997 - 2018	22 years to 39 years
Massachusetts (SNF)	4,580	29,444	1,784	—	—	4,580	31,228	35,808	19,731	1964 - 1992	1997 - 2010	20 years to 33 years
Michigan (SNF)	830	30,921	—	—	—	830	30,921	31,751	8,355	1964 - 1975	2005 - 2011	25 years to 33 years
Minnesota (ALF, ILF, SNF)	10,502	52,585	5,971	—	—	10,502	58,556	69,058	12,128	1966 - 1983	2014	33 years
Mississippi (SNF)	7,925	177,825	827	—	—	7,925	178,652	186,577	29,510	1962 - 2008	2009 - 2013	20 years to 40 years
Missouri (SNF)	6,063	105,351	693	—	(30,351)	6,055	75,701	81,756	15,240	1955 - 1994	1999 - 2016	30 years to 33 years
Montana (SNF)	1,631	19,486	—	—	—	1,631	19,486	21,117	2,267	1963 - 1971	2005 - 2019	25 years to 33 years
Nebraska (SNF)	750	14,892	—	—	—	750	14,892	15,642	3,591	1966 - 1969	2012 - 2015	20 years to 33 years
Nevada (BHS, SH, SNF, TBI)	12,901	112,553	9,413	—	—	12,901	121,966	134,867	20,127	1972 - 2015	2009 - 2017	25 years to 33 years
New Hampshire (ALF, SNF)	1,782	19,837	1,463	—	—	1,782	21,300	23,082	10,267	1963 - 1999	1998 - 2006	33 years to 39 years
New Mexico (SNF)	6,330	45,285	1,218	—	—	6,330	46,503	52,833	8,019	1960 - 1985	2005	10 years to 33 years
North Carolina (SNF)	2,188	29,108	3,696	—	—	2,188	32,804	34,992	21,522	1964 - 1987	1994 - 2017	30 years to 33 years
Ohio (SH, SNF)	12,348	161,815	2,880	—	—	12,348	164,695	177,043	38,453	1920 - 1998	1994 - 2013	22 years to 39 years
Oklahoma (SNF)	4,148	29,749	—	—	—	4,148	29,749	33,897	11,894	1965 - 2013	2010 - 2013	20 years to 33 years
Oregon (ALF, SNF)	3,641	45,218	4,009	—	—	3,641	49,227	52,868	9,757	1959 - 2004	2005 - 2014	25 years to 33 years
Pennsylvania (ALF, ILF, SNF)	14,762	209,887	366	—	(5)	14,756	210,254	225,010	68,089	1942 - 2012	2004 - 2018	20 years to 39 years
Rhode Island (SNF)	3,658	35,083	4,792	—	—	3,658	39,875	43,533	20,646	1965 - 1981	2006	39 years
South Carolina (SNF)	8,500	78,312	1,800	—	—	8,500	80,112	88,612	15,633	1959 - 2007	2014 - 2016	20 years to 33 years
Tennessee (BHP, SNF)	5,793	87,413	5,594	—	—	5,793	93,007	98,800	49,519	1974 - 2018	1992 - 2017	20 years to 31 years
Texas (SH, ALF, BHS, IRF, MOB, SNF)	74,306	810,944	24,889	3	(39,578)	74,055	796,509	870,564	163,507	1949 - 2016	1997 - 2019	20 years to 40 years
United Kingdom (ALF)	84,119	353,800	4,684	—	(30,597)	80,242	331,764	412,006	46,210	1750 - 2012	2015 - 2018	30 years
Vermont (SNF)	318	6,005	602	—	—	318	6,607	6,925	2,937	1971	2004	39 years
Virginia (ALF, SNF)	3,021	37,129	—	—	—	3,021	37,129	40,150	5,714	1989 - 1995	2010 - 2017	30 years to 40 years
Washington (ALF, SNF)	11,719	138,055	2,855	—	(68)	11,652	140,909	152,561	37,535	1930 - 2004	1995 - 2015	20 years to 33 years
West Virginia (SNF)	1,523	52,187	6,878	—	—	1,523	59,065	60,588	36,850	1961 - 1996	1994 - 2008	25 years to 39 years
Wisconsin (SNF)	399	4,581	2,154	—	—	399	6,735	7,134	1,869	1974	2005	33 years
Total Other	$ 509,119	$ 4,697,699	$ 165,787	$ 59	$ (136,494)	$ 503,888	$ 4,732,282	$ 5,236,170	$ 1,268,885			
Total	$ 906,651	$ 7,733,756	$ 447,585	$ 33,725	$ (135,723)	$ 901,246	$ 8,084,748	$ 8,985,994	$ 1,787,425			

(1) The real estate included in this schedule is being used in either the operation of skilled nursing facilities (“SNF”), assisted living facilities (“ALF”), independent living facilities (“ILF”), traumatic brain injury (“TBI”), medical office buildings (“MOB”) or specialty hospitals (“SH”) located in the states or country indicated.

(2) Certain of the real estate indicated are security for the HUD loan borrowings totaling $ 387.4 million at December 31, 2019.

OMEGA HEALTHCARE INVESTORS, INC. AND OHI HEALTHCARE PROPERTIES LIMITED PARTNERSHIP

SCHEDULE III – REAL ESTATE AND ACCUMULATED DEPRECIATION — continued
(in thousands)
December 31, 2019

(3)

	Year Ended December 31,		
	2017	2018	2019
Balance at beginning of period	$ 7,566,358	$ 7,655,960	$ 7,746,410
Acquisitions through foreclosure	—	—	143,753
Acquisitions (a)	419,333	294,202	1,201,924
Impairment	(98,672)	(35,014)	(48,939)
Improvements	116,786	187,408	170,997
Disposals/other	(347,845)	(356,146)	(228,151)
Balance at close of period	$ 7,655,960	$ 7,746,410	$ 8,985,994

(a) Includes approximately $27.2 million, $185.6 million and $750.6 million of non-cash consideration exchanged during the years ended December 31, 2017, 2018 and 2019, respectively.

(4)

	Year Ended December 31,		
	2017	2018	2019
Balance at beginning of period	$ 1,240,336	$ 1,376,828	$ 1,562,619
Provisions for depreciation	287,189	280,871	301,177
Dispositions/other	(150,697)	(95,080)	(76,371)
Balance at close of period	$ 1,376,828	$ 1,562,619	$ 1,787,425

(5) The reported amount of our real estate at December 31, 2019 is greater than the tax basis of the real estate by approximately $0.4 billion.
(6) Reflects bed sales, impairments (including the write-off of accumulated depreciation), land easements and impacts from foreign currency exchange rates.
(7) To the extent that we acquired an entity previously owning the underlying facility, the acquisition date reflects the date that the entity acquired the facility.

OMEGA HEALTHCARE INVESTORS, INC. AND OHI HEALTHCARE PROPERTIES LIMITED PARTNERSHIP

SCHEDULE IV – MORTGAGE LOANS ON REAL ESTATE
(in thousands)
December 31, 2019

Grouping	Description (1)	Interest Rate	Fixed/ Variable	Final Maturity Date	Periodic Payment Terms	Prior Liens	Face Amount of Mortgages	Carrying Amount of Mortgages (3) (4) (6)	Carrying Amount of Loans Subject to Delinquent Principal or Interest
	First Mortgages								
1	Michigan (25 SNFs)	10.13 %	F(2)	2029	Interest plus approximately $139.0 of principal payable monthly with $356,985 due at maturity	None	$ 415,000	$ 380,799	$ —
2	Michigan (5 SNFs)	9.73 %	F(2)	2029	Interest plus approximately $10.0 of principal payable monthly with $42,341 due at maturity	None	44,200	44,053	—
3	Michigan (3 SNFs)	9.95 %	F(2)	2029	Interest plus approximately $3.0 of principal payable monthly with $10,466 due at maturity	None	11,000	10,932	—
4	Maryland (3 SNFs)	13.75 %	F(2)	2028	Interest payable monthly until maturity	None	74,928	35,964	—
5	Ohio (2 SNFs) and Pennsylvania (5 SNFs and 2 ALFs)	10.39 %	F(2)	2027	Interest payable monthly until maturity	None	112,500	112,500	—
6	Idaho (1 specialty facility)	10.00 %	F	2021	Interest payable monthly until maturity	None	19,000	19,000	—
7	Texas (1specialty facility)	8.00 %	F	2025	Interest plus approximately $109.0 of principal payable monthly with $60,272 due at maturity	None	72,960	68,389	—
8	Texas (1 specialty facility)	8.50 %	F	2020	Interest plus approximately $123.0 of principal payable monthly	None	1,481	1,481	—
9	Massachusetts (1 specialty facility)	9.00 %	F	2023	Interest plus approximately $46.0 of principal payable monthly with $6,078 due at maturity	None	9,000	8,238	—
10	Tennessee (1 SNF)	8.35 %	F	2015	Past due	None	6,997	1,472	1,472 (5)
11	Michigan (1 SNF)	9.98 %	F(2)	2029	Interest payable monthly until maturity	None	455	455	—
12	Michigan (1 SNF)	9.02 %	F(2)	2029	Interest payable monthly until maturity	None	14,045	14,045	—
13	Michigan (1 SNF)	11.31 %	F(2)	2029	Interest payable monthly until maturity	None	4,112	4,112	—
14	Michigan (1 SNF)	11.60 %	F(2)	2029	Interest payable monthly until maturity	None	4,220	4,220	—
15	Michigan (6 SNFs)	11.04 %	F(2)	2029	Interest payable monthly until maturity	None	9,374	9,374	—
16	Michigan (6 SNFs)	10.23 %	F(2)	2029	Interest payable monthly until maturity	None	20,860	20,860	—
17	Michigan (3 SNFs)	9.73 %	F(2)	2029	Interest payable monthly until maturity	None	360	360	—
18	Michigan (4 SNFs)	9.50 %	F(2)	2029	Interest payable monthly until maturity	None	1,087	1,087	—
	Construction Mortgages								
19	Michigan (1 SNF)	9.95 %	F(2)	2019	Interest payable monthly until maturity	None	14,826	14,826	—
20	Michigan (1 SNF)	9.95 %	F(2)	2019	Interest payable monthly until maturity	None	18,147	18,147	—
21	Ohio (1 SNF)	8.50 %	F(2)	2021	Interest accrues until 12/1/2020 when interest becomes payable monthly until maturity	None	3,249	3,249	—
							$ 857,801	$ 773,563	$ 1,472

(1) Loans included in this schedule represent first mortgages and construction mortgages on facilities used in the delivery of long-term healthcare of which such facilities are located in the states indicated.
(2) Interest on the loans escalates annually at a fixed rate.
(3) The aggregate cost for federal income tax purposes is approximately $779.1 million.

OMEGA HEALTHCARE INVESTORS, INC. AND OHI HEALTHCARE PROPERTIES LIMITED PARTNERSHIP

SCHEDULE IV – MORTGAGE LOANS ON REAL ESTATE — continued
(in thousands)
December 31, 2019

(4)

	Year Ended December 31,		
	2017	2018	2019
Balance at beginning of period	$ 639,343	$ 671,232	$ 710,858
Additions during period - new mortgage loans or additional fundings [(a)]	34,643	65,841	129,108
Deductions during period - collection of principal/other [(b)]	(2,754)	(26,215)	(66,403)
Balance at close of period	$ 671,232	$ 710,858	$ 773,563

(a) The 2018 amount includes $0.5 million of non-cash interest paid-in-kind. The 2019 amount includes $0.3 million of non-cash interest paid-in-kind.
(b) The 2017 amount includes $1.2 million of reserves and amortization of premium. The 2018 amount includes $0.1 million of amortization of premium. The 2019 amount includes $11.9 million of non-cash deed-in-lieu of foreclosure.

(5) Mortgage written down to the fair value of the underlying collateral.
(6) Mortgages included in the schedule which were extended during 2019 aggregated approximately $34.5 million.

INDEX TO EXHIBITS TO 2019 FORM 10-K

EXHIBIT NUMBER	DESCRIPTION
2.1	Agreement and Plan of Merger, dated as of January 2, 2019, by and among Omega Healthcare Investors, Inc., OHI Healthcare Properties Limited Partnership, MedEquities Realty Trust, Inc., MedEquities OP GP, LLC and MedEquities Realty Operating Partnership, LP together with First Amendment thereto dated March 26, 2019 (Incorporated by reference to Annex A of Amendment No. 1 to Form S-4 (file No. 333-229594) filed March 29, 2019).
3.1	Articles of Amendment and Restatement of Omega Healthcare Investors, Inc., as amended. (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3ASR filed on September 3, 2015).
3.2	Articles Supplementary of Omega Healthcare Investors, Inc. filed with the State Department of Assessments and Taxation of Maryland on November 5, 2019 (Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q, filed on November 8, 2019).
3.3	Amended and Restated Bylaws of Omega Healthcare Investors, Inc. as of June 8, 2017 (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 9, 2017).
3.4	Certificate of Limited Partnership of OHI Healthcare Properties Limited Partnership (Incorporated by reference to Exhibit 3.121 to the Company's Form S-4 filed with the SEC on April 16, 2015).
3.5	Second Amended and Restated Agreement of Limited Partnership by and among Omega Healthcare Investors, Inc., OHI Healthcare Properties Holdco, Inc., and Aviv Healthcare Properties Limited Partnership (Incorporated by reference to Exhibit 10.11 to the Company's Current Report on Form 8-K, filed on April 3, 2015).
4.0	See Exhibits 3.1 to 3.4.
4.1	Indenture, dated as of March 11, 2014, by and among Omega, the guarantors named therein, and U.S. Bank National Association, as trustee related to the 4.950% Senior Notes due 2024, including the Form of 4.950% Senior Notes and Form of Subsidiary Guarantee related thereto. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on March 11, 2014).
4.1A	First Supplemental Indenture, dated as of June 27, 2014, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.950% Senior Notes due 2024, including the Form of 4.950% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q, filed on August 6, 2014).
4.1B	Second Supplemental Indenture, dated as of November 25, 2014, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.950% Senior Notes due 2024, including the Form of 4.950% Senior Notes and Form of Subsidiary Guarantee related thereto and that certain Third Supplemental Indenture, dated as of January 23, 2015, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.950% Senior Notes due 2024, including the Form of 4.950% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.4B to the Company's Annual Report on Form 10-K, filed on February 27, 2015).
4.1C	Fourth Supplemental Indenture, dated effective as of March 2, 2015, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.950% Senior Notes due 2024, including the Form of 4.950% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.3B to the Company's Quarterly Report on Form 10-Q, filed on May 8, 2015).
4.1D	Fifth Supplemental Indenture, dated as of April 1, 2015, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.950% Senior Notes due 2024, including the Form of 4.950% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.3C to the Company's Quarterly Report on Form 10-Q, filed on May 8, 2015).

4.1E	Sixth Supplemental Indenture, dated as of August 4, 2015, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.950% Senior Notes due 2024, including the Form of 4.950% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q, filed on November 6, 2015).
4.1F	Seventh Supplemental Indenture, dated as of November 9, 2015, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.950% Senior Notes due 2024, including the Form of 4.950% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.2F to the Company's Annual Report on Form 10-K, filed on February 29, 2016).
4.1G	Eighth Supplemental Indenture, dated as of March 29, 2016, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.950% Senior Notes due 2024, including the Form of 4.950% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q, filed on May 6, 2016).
4.1H	Ninth Supplemental Indenture, dated as of May 13, 2016, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.950% Senior Notes due 2024, including the Form of 4.950% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q, filed on August 5, 2016).
4.1I	Tenth Supplemental Indenture, dated as of August 9, 2016, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.950% Senior Notes due 2024, including the Form of 4.950% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q, filed on November 8, 2016).
4.1J	Eleventh Supplemental Indenture, dated as of November 10, 2016, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.950% Senior Notes due 2024, including the Form of 4.950% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.2J to the Company's Annual Report on Form 10-K, filed on February 24, 2017).
4.1K	Twelfth Supplemental Indenture, dated as of March 17, 2017, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.950% Senior Notes due 2024, including the Form of 4.950% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q, filed on May 5, 2017).
4.1L	Thirteenth Supplemental Indenture, dated as of May 11, 2017, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.950% Senior Notes due 2024, including the Form of 4.950% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q, filed on August 9, 2017).
4.1M	Fourteenth Supplemental Indenture, dated as of May 25, 2017, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.950% Senior Notes due 2024, including the Form of 4.950% Senior Notes and Form of Partial Release of Subsidiary Guarantors related thereto (Incorporated by reference to Exhibit 4.1A to the Company's Quarterly Report on Form 10-Q, filed on August 9, 2017).
4.2	Indenture, dated as of September 11, 2014, by and among Omega, the subsidiary guarantors named therein, and U.S. Bank National Association, as trustee related to the 4.50% Senior Notes due 2025, including the Form of 4.50% Senior Notes and Form of Subsidiary Guarantee related thereto. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on September 11, 2014).

4.2A	First Supplemental Indenture, dated as of November 25, 2014, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.50% Senior Notes due 2025, including the Form of 4.50% Senior Notes and Form of Subsidiary Guarantee related thereto and that certain Second Supplemental Indenture, dated as of January 23, 2015, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.50% Senior Notes due 2025, including the Form of 4.50% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.5A to the Company's Annual Report on Form 10-K, filed on February 27, 2015).
4.2B	Third Supplemental Indenture, dated effective as of March 2, 2015, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.50% Senior Notes due 2025, including the Form of 4.50% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.2B to the Company's Registration Statement on Form S-4, filed on April 16, 2015).
4.2C	Fourth Supplemental Indenture, dated as of April 1, 2015, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.50% Senior Notes due 2025, including the Form of 4.50% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.2B to the Company's Registration Statement on Form S-4, filed on April 16, 2015).
4.2D	Fifth Supplemental Indenture, dated as of August 4, 2015, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.50% Senior Notes due 2025, including the Form of 4.50% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q, filed on November 6, 2015).
4.2E	Sixth Supplemental Indenture, dated as of November 9, 2015, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.50% Senior Notes due 2025, including the Form of 4.50% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.3E to the Company's Annual Report on Form 10-K, filed on February 29, 2016).
4.2F	Seventh Supplemental Indenture, dated as of March 29, 2016, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.50% Senior Notes due 2025, including the Form of 4.50% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q, filed on May 6, 2016).
4.2G	Eighth Supplemental Indenture, dated as of May 13, 2016, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.50% Senior Notes due 2025, including the Form of 4.50% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q, filed on August 5, 2016).
4.2H	Ninth Supplemental Indenture, dated as of August 9, 2016, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.50% Senior Notes due 2025, including the Form of 4.50% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q, filed on November 8, 2016).
4.2I	Tenth Supplemental Indenture, dated as of November 10, 2016, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.50% Senior Notes due 2025, including the Form of 4.50% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.3I to the Company's Annual Report on Form 10-K, filed on February 24, 2017).
4.2J	Eleventh Supplemental Indenture, dated as of March 17, 2017, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.50% Senior Notes due 2025, including the Form of 4.50% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q, filed on May 5, 2017).

4.2K	Twelfth Supplemental Indenture, dated as of May 11, 2017, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.50% Senior Notes due 2025, including the Form of 4.50% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q, filed on August 9, 2017).
4.2L	Thirteenth Supplemental Indenture, dated as of May 25, 2017, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.50% Senior Notes due 2025, including the Form of 4.50% Senior Notes and Form of Partial Release of Subsidiary Guarantors related thereto (Incorporated by reference to Exhibit 4.2A to the Company's Quarterly Report on Form 10-Q, filed on August 9, 2017).
4.3	Indenture, dated as of March 18, 2015, by and among Omega Healthcare Investors, Inc., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee, related to the 4.500% Senior Notes due 2027, including the Form of 4.500% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on March 24, 2015).
4.3A	First Supplemental Indenture, dated as of April 1, 2015, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.500% Senior Notes due 2027, including the Form of 4.500% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.5A to the Company's Quarterly Report on Form 10-Q, filed on May 8, 2015).
4.3B	Second Supplemental Indenture, dated as of August 4, 2015, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.500% Senior Notes due 2027, including the Form of 4.500% Senior Notes and Form of Subsidiary Guarantee related thereto (incorporated by reference to Exhibit 4.2A to Omega's Registration Statement on Form S-4 filed on October 6, 2015).
4.3C	Third Supplemental Indenture, dated as of November 9, 2015, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.500% Senior Notes due 2027, including the Form of 4.500% Senior Notes and Form of Subsidiary Guarantee related thereto. (Incorporated by reference to Exhibit 4.2B to the Amendment to Omega's Registration Statement on Form S-4/A filed on November 12, 2015).
4.3D	Fourth Supplemental Indenture, dated as of March 29, 2016, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.500% Senior Notes due 2027, including the Form of 4.500% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q, filed on May 6, 2016).
4.3E	Fifth Supplemental Indenture, dated as of May 13, 2016, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.500% Senior Notes due 2027, including the Form of 4.500% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q, filed on August 5, 2016).
4.3F	Sixth Supplemental Indenture, dated as of August 9, 2016, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.500% Senior Notes due 2027, including the Form of 4.500% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q, filed on November 8, 2016).
4.3G	Seventh Supplemental Indenture, dated as of November 10, 2016, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.500% Senior Notes due 2027, including the Form of 4.500% Senior Notes and Form of Subsidiary Guarantee related thereto. (Incorporated by reference to Exhibit 4.4G to the Company's Annual Report on Form 10-K, filed on February 24, 2017

4.3H	Eighth Supplemental Indenture, dated as of March 17, 2017, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.500% Senior Notes due 2027, including the Form of 4.500% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q, filed on May 5, 2017).
4.3I	Ninth Supplemental Indenture, dated as of May 11, 2017, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.500% Senior Notes due 2027, including the Form of 4.500% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q, filed on August 9, 2017).
4.3J	Tenth Supplemental Indenture, dated as of May 25, 2017, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.500% Senior Notes due 2027, including the Form of 4.500% Senior Notes and Form of Partial Release of Subsidiary Guarantors related thereto (Incorporated by reference to Exhibit 4.3A to the Company's Quarterly Report on Form 10-Q, filed on August 9, 2017).
4.4	Indenture, dated as of September 23, 2015, by and among Omega, the subsidiary guarantors named therein, and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to Omega's Current Report on Form 8-K, filed with SEC on September 29, 2015).
4.4A	First Supplemental Indenture, dated as of November 9, 2015, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 5.250% Senior Notes due 2026, including the Form of 5.250% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.1A to the Company's Registration Statement on Form S-4, filed on November 12, 2015).
4.4B	Second Supplemental Indenture, dated as of March 29, 2016, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 5.250% Senior Notes due 2026, including the Form of 5.250% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.5 to the Company's Quarterly Report on Form 10-Q, filed on May 6, 2016).
4.4C	Third Supplemental Indenture, dated as of May 13, 2016, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 5.250% Senior Notes due 2026, including the Form of 5.250% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.5 to the Company's Quarterly Report on Form 10-Q, filed on August 5, 2016).
4.4D	Fourth Supplemental Indenture, dated as of August 9, 2016, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 5.250% Senior Notes due 2026, including the Form of 5.250% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.5 to the Company's Quarterly Report on Form 10-Q, filed on November 8, 2016).
4.4E	Fifth Supplemental Indenture, dated as of November 10, 2016, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 5.250% Senior Notes due 2026, including the Form of 5.250% Senior Notes and Form of Subsidiary Guarantee related thereto. (Incorporated by reference to Exhibit 4.5E to the Company's Annual Report on Form 10-K, filed on February 24, 2017).
4.4F	Sixth Supplemental Indenture, dated as of March 17, 2017, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 5.250% Senior Notes due 2026, including the Form of 5.250% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.5 to the Company's Quarterly Report on Form 10-Q, filed on May 5, 2017).
4.4G	Seventh Supplemental Indenture, dated as of May 11, 2017 among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 5.250% Senior Notes due 2026, including the Form of 5.250% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q, filed on August 9, 2017).

4.4H	Eighth Supplemental Indenture, dated as of May 25, 2017 among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 5.250% Senior Notes due 2026, including the Form of 5.250% Senior Notes and Form of Partial Release of Subsidiary Guarantors related thereto (Incorporated by reference to Exhibit 4.4A to the Company's Quarterly Report on Form 10-Q, filed on August 9, 2017).
4.5	Indenture, dated as of July 12, 2016, by and among Omega, the subsidiary guarantors named therein, and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on July 12, 2016).
4.5A	First Supplemental Indenture, dated as of August 9, 2016, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.375% Senior Notes due 2023, including the Form of 4.375% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.6A to the Company's Quarterly Report on Form 10-Q, filed on November 8, 2016).
4.5B	Second Supplemental Indenture, dated as of November 10, 2016, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.375% Senior Notes due 2023, including the Form of 4.375% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.6B to the Company's Annual Report on Form 10-K, filed on February 24, 2017).
4.5C	Third Supplemental Indenture, dated as of March 17, 2017, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.375% Senior Notes due 2023, including the Form of 4.375% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.6 to the Company's Quarterly Report on Form 10-Q, filed on May 5, 2017).
4.5D	Fourth Supplemental Indenture, dated as of May 11, 2017, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.375% Senior Notes due 2023, including the Form of 4.375% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.5 to the Company's Quarterly Report on Form 10-Q, filed on August 9, 2017).
4.5E	Fifth Supplemental Indenture, dated as of May 25, 2017, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.375% Senior Notes due 2023, including the Form of 4.375% Senior Notes and Form of Partial Release of Subsidiary Guarantors related thereto (Incorporated by reference to Exhibit 4.5A to the Company's Quarterly Report on Form 10-Q, filed on August 9, 2017).
4.6	Indenture, dated as of April 4, 2017, by and among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein, and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on April 4, 2017).
4.6A	First Supplemental Indenture, dated as of May 11, 2017, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.750% Senior Notes due 2028, including the Form of 4.750% Senior Notes and Form of Subsidiary Guarantee related thereto (Incorporated by reference to Exhibit 4.6A to the Company's Quarterly Report on Form 10-Q, filed on August 9, 2017).
4.6B	Second Supplemental Indenture, dated as of May 25, 2017, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, related to the 4.750% Senior Notes due 2028, including the Form of 4.750% Senior Notes and Form of Partial Release of Subsidiary Guarantors related thereto (Incorporated by reference to Exhibit 4.6B to the Company's Quarterly Report on Form 10-Q, filed on August 9, 2017).

4.7	Indenture, dated as of September 20, 2019, by and among Omega Healthcare Investors, Inc., OHI Healthcare Properties Limited Partnership, as Subsidiary Guarantor, and U.S. Bank National Association, as Trustee related to the 3.625% Senior Notes due 2029 (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 20, 2019).
4.8	Description of Securities registered under Section 12 of the Securities Exchange Act of 1934.*
10.1	Form of Directors and Officers Indemnification Agreement. (Incorporated by reference to Exhibit 10.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed on February 23, 2018).
10.2	Amended and Restated Deferred Stock Plan, dated October 16, 2012, and forms of related agreements (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed November 7, 2012).
10.3	Credit Agreement, dated as of May 25, 2017, among Omega Healthcare Investors, Inc., certain subsidiaries of Omega Healthcare Investors, Inc. identified therein as guarantors, the lenders named therein and Bank of America, N.A., as administrative agent for such lenders (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on May 31, 2017).
10.3A	First Amendment to the Credit Agreement dated as of May 25, 2017, among Omega Healthcare Investors, Inc., OHI Healthcare Properties Limited Partnership and Bank of America, N.A. dated as of February 1, 2019 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report Form 8-K filed with the SEC on February 6, 2019).
10.4	Credit Agreement, dated as of May 25, 2017, among OHI Healthcare Properties Limited Partnership, the lenders named therein and Bank of America, N.A., as administrative agent for such lenders (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on May 31, 2017).
10.4A	First Amendment to the Credit Agreement dated as of May 25, 2017, among OHI Healthcare Properties Limited Partnership and Bank of America, N.A. dated as of February 1, 2019 (Incorporated by reference to Exhibit 10.3 to the Company's Current Report Form 8-K filed with the SEC on February 6, 2019).
10.5	Amended and Restated Credit Agreement, dated as of May 25, 2017, among Omega Healthcare Investors, Inc., certain subsidiaries of Omega Healthcare Investors, Inc. identified therein as guarantors, the lenders named therein and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as administrative agent for such lenders (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on May 31, 2017).
10.5A	First Amendment to the Credit Agreement dated as of May 25, 2017, among Omega Healthcare Investors, Inc., OHI Healthcare Properties Limited Partnership and MUFG Bank, LTD. (F/K/A The Bank of Tokyo-Mitsubishi UFJ, LTD.) dated as of February 1, 2019 (Incorporated by reference to Exhibit 10.2 to the Company's Current Report Form 8-K filed with the SEC on February 6, 2019).
10.6	Form of Equity Distribution Agreement dated September 3, 2015, entered into by and between Omega Healthcare Investors, Inc. and each of BB&T Capital Markets, a division of BB&T Securities, LLC, Capital One Securities, Inc., Credit Agricole Securities (USA) Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Mitsubishi UFJ Securities (USA), Inc., Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, Stifel, Nicolaus & Company, Incorporated, SunTrust Robinson Humphrey, Inc. and Wells Fargo Securities, LLC (Incorporated by reference to Exhibit 1.1 to Omega's Current Report on Form 8-K filed with the SEC on September 4, 2015).
10.7	Form of Amendment dated September 7, 2018 to Equity Distribution Agreement dated September 3, 2015, entered into by and between Omega Healthcare Investors, Inc. and each of BB&T Capital Markets, a division of BB&T Securities, LLC, Capital One Securities, Inc., Credit Agricole Securities (USA) Inc., JPMorgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, MUFG Securities Americas Inc., Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, Stifel, Nicolaus & Company, Incorporated, SunTrust Robinson Humphrey, Inc. and Wells Fargo Securities, LLC (Incorporated by reference to Exhibit 10.1 to Omega's Current Report on Form 8-K filed with the SEC on September 7, 2018).
10.8	Omega Healthcare Investors, Inc. 2018 Stock Incentive Plan (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on June 11, 2018). +

10.8A	2019 Form of Time-Based Restricted Stock Units Agreement pursuant to the Omega Healthcare Investors, Inc. 2018 Stock Incentive Plan (Incorporated by reference to Exhibit 10.8A of the Company's Annual Report on Form 10-K filed February 26, 2019). +
10.8B	2019 Form of Time-Based Profits Interest Units Agreement pursuant to the Omega Healthcare Investors, Inc. 2018 Stock Incentive Plan (Incorporated by reference to Exhibit 10.8B of the Company's Annual Report on Form 10-K filed February 26, 2019). +
10.8C	2019 Form of TSR-Based Performance Restricted Stock Units Agreement pursuant to the Omega Healthcare Investors, Inc. 2018 Stock Incentive Plan (Incorporated by reference to Exhibit 10.8C of the Company's Annual Report on Form 10-K filed February 26, 2019). +
10.8D	2019 Form of TSR-Based Performance Profits Interest Units Agreement pursuant to the Omega Healthcare Investors, Inc. 2018 Stock Incentive Plan (Incorporated by reference to Exhibit 10.8D of the Company's Annual Report on Form 10-K filed February 26, 2019). +
10.8E	2019 Form of Relative TSR-Based Performance Restricted Stock Units Agreement pursuant to the Omega Healthcare Investors, Inc. 2018 Stock Incentive Plan (Incorporated by reference to Exhibit 10.8E of the Company's Annual Report on Form 10-K filed February 26, 2019). +
10.8F	2019 Form of Relative TSR-Based Performance Profits Interest Units Agreement pursuant to the Omega Healthcare Investors, Inc. 2018 Stock Incentive Plan (Incorporated by reference to Exhibit 10.8F of the Company's Annual Report on Form 10-K filed February 26, 2019). +
10.8G	2020 Form of Time-Based Restricted Stock Units Agreement pursuant to the Omega Healthcare Investors, Inc. 2018 Stock Incentive Plan. +*
10.8H	2020 Form of Time-Based Profits Interest Units Agreement pursuant to the Omega Healthcare Investors, Inc. 2018 Stock Incentive Plan. +*
10.8I	2020 Form of TSR-Based Performance Restricted Stock Units Agreement pursuant to the Omega Healthcare Investors, Inc. 2018 Stock Incentive Plan. +*
10.8J	2020 Form of TSR-Based Performance Profits Interest Units Agreement pursuant to the Omega Healthcare Investors, Inc. 2018 Stock Incentive Plan. +*
10.8K	2020 Form of Relative TSR-Based Performance Restricted Stock Units Agreement pursuant to the Omega Healthcare Investors, Inc. 2018 Stock Incentive Plan. +*
10.8L	2020 Form of Relative TSR-Based Performance Profits Interest Units Agreement pursuant to the Omega Healthcare Investors, Inc. 2018 Stock Incentive Plan. +*
10.9	Form of Officer Deferred Performance Restricted Stock Unit Agreement (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q, filed on August 5, 2013). +
10.10	Form of Employment Agreement for Company's executive officers, other than Ms. Makode, effective as of January 1, 2020 for the Company's executive officers (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on December 20, 2019). +
10.11	Employment Agreement, effective as of January 1, 2020, between Omega Healthcare Investors, Inc. and Gail Makode (Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K, filed on December 20, 2019). +
10.12	Form of Time-Based Restricted Stock Unit Agreement for Grants made 2016, 2017 and 2018 (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on March 23, 2016). +
10.13	Form of Performance-Based Restricted Stock Unit Agreement for Grants made 2016, 2017 and 2018 (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on March 23, 2016). +
10.14	Form of Performance-Based LTIP Unit Agreement for Grants made 2016, 2017 and 2018 (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, filed with the SEC on March 23, 2016). +

10.15	Amended and Restated Phantom Partnership Unit Award Agreement, dated as of September 17, 2010, among Aviv Asset Management, L.L.C., Steven J. Insoft and Aviv Healthcare Properties Limited Partnership. (Incorporated by reference to Exhibit 10.8 to Aviv REIT, Inc.'s Registration Statement on Form S-4, filed on May 2, 2011). +
10.16	Omega Healthcare Investors, Inc. Deferred Cash Compensation Plan with form of Deferral Agreement pursuant to the Omega Healthcare Investors, Inc. Deferred Cash Compensation Plan (June 30, 2018) (Incorporated by reference to Exhibit 10.2 to Omega Healthcare Investor Inc.'s Form 10-Q filed August 8, 2018). +
21	Subsidiaries of the Registrants.*
23.1	Consent of Independent Registered Public Accounting Firm for Omega Healthcare Investors, Inc.*
23.2	Consent of Independent Registered Public Accounting Firm for OHI Healthcare Properties Limited Partnership.*
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of Omega Healthcare Investors, Inc.*
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of Omega Healthcare Investors, Inc.*
31.3	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of OHI Healthcare Properties Limited Partnership.*
31.4	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of OHI Healthcare Properties Limited Partnership.*
32.1	Section 1350 Certification of the Chief Executive Officer of Omega Healthcare Investors, Inc.*
32.2	Section 1350 Certification of the Chief Financial Officer of Omega Healthcare Investors, Inc.*
32.3	Section 1350 Certification of the Chief Executive Officer of OHI Healthcare Properties Limited Partnership.*
32.4	Section 1350 Certification of the Chief Financial Officer of OHI Healthcare Properties Limited Partnership.*
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101).

* Exhibits that are filed herewith.

+ Management contract or compensatory plan, contract or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OMEGA HEALTHCARE INVESTORS, INC.
Registrant

Date: February 28, 2020

By: /s/ C. Taylor Pickett
C. Taylor Pickett
Chief Executive Officer

OHI HEALTHCARE PROPERTIES LIMITED PARTNERSHIP
Co-Registrant

By: Omega Healthcare Investors, Inc., its General Partner

Date: February 28, 2020

By: /s/ C. Taylor Pickett
C. Taylor Pickett
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Omega Healthcare Investors, Inc., for itself and in its capacity as General Partner of OHI Healthcare Properties Limited Partnership, and in the capacities on the date indicated.

Signatures	Title	Date
/s/ C. Taylor Pickett C. Taylor Pickett	Chief Executive Officer (Principal Executive Officer)	February 28, 2020
/s/ Robert O. Stephenson Robert O. Stephenson	Chief Financial Officer (Principal Financial Officer)	February 28, 2020
/s/ Michael D. Ritz Michael D. Ritz	Chief Accounting Officer (Principal Accounting Officer)	February 28, 2020
/s/ Craig R. Callen Craig R. Callen	Chairman of the Board	February 28, 2020
/s/ Kapila K. Anand Kapila K. Anand	Director	February 28, 2020
/s/ Norman Bobins Norman Bobins	Director	February 28, 2020
/s/ Barbara B. Hill Barbara B. Hill	Director	February 28, 2020
/s/ Edward Lowenthal Edward Lowenthal	Director	February 28, 2020
/s/ C. Taylor Pickett C. Taylor Pickett	Director	February 28, 2020
/s/ Stephen D. Plavin Stephen D. Plavin	Director	February 28, 2020
/s/ Burke W. Whitman Burke W. Whitman	Director	February 28, 2020

DESCRIPTION OF SECURITIES REGISTERED UNDER SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of December 31, 2019, the only class of outstanding securities of Omega Healthcare Investors, Inc., a Maryland corporation (" Company," "we," "us" and "our"), registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") is our common stock, par value $0.10 per share ("Common Stock").

The following description of the material terms of our Common Stock is qualified by reference to the provisions of our Articles of Amendment and Restatement (as amended, the " Charter") and Amended and Restated Bylaws (the "Bylaws"), each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit is a part.

Common Stock

We are authorized to issue 350,000,000 shares of Common Stock. All shares of our Common Stock participate equally in dividends payable to stockholders of our Common Stock when and as declared by our board of directors and in net assets available for distribution to stockholders of our Common Stock on liquidation or dissolution; have one vote per share on all matters submitted to a vote of the stockholders; and do not have cumulative voting rights in the election of directors. All of our outstanding shares of Common Stock are fully paid and non-assessable. Holders of our Common Stock do not have preference, conversion, exchange or preemptive rights. We may issue additional shares of authorized Common Stock without stockholder approval, subject to applicable rules of the NYSE.

Preferred Stock

We are authorized to issue 20,000,000 shares of our preferred stock, par value $1.00 per share ("Preferred Stock"). Under our Charter, our board of directors has the authority to authorize from time to time, without further stockholder action, the issuance of shares of our Preferred Stock, in one or more series as the board of directors shall deem appropriate, and to fix the rights, powers and restrictions of the Preferred Stock by resolution and the filing of an amendment to our Charter, including but not limited to the designation of the following:

- the number of shares constituting such series and the distinctive designation thereof;
- the voting rights, if any, of such series;
- the rate of dividends payable on such series, the time or times when such dividends will be payable, the preference to, or any relation to, the payment of dividends to any other class or series of stock and whether the dividends will be cumulative or non-cumulative;
- whether there shall be a sinking or similar fund for the purchase of shares of such series and, if so, the terms and provisions that shall govern such fund;
- the rights of the holders of shares of such series upon the liquidation, dissolution or winding up of the Company;
- the rights, if any, of holders of shares of such series to convert such shares into, or to exchange such shares for, shares of any other class or classes or any other series of the same or of any other class or classes of equity shares, the price or prices or rate or rates of conversion or exchange, with such adjustments thereto as shall be provided, at which such shares shall be convertible or exchangeable, whether such rights of conversion or exchange shall be exercisable at the option of the holder of the shares or the Company (or both) or upon the happening of a specified event, and any other terms or conditions of such conversion or exchange; and
- any other preferences, powers and relative participating, optional or other special rights and qualifications, limitations or restrictions of shares of such series.

Except as otherwise provided in any prospectus supplement or articles supplementary, all shares of the same series of Preferred Stock will be identical to each other share of said stock. The shares of different series may differ, including as to ranking, as may be provided in our Charter, or as may be fixed by our board of directors as described above. We may from time to time amend our Charter to increase or decrease the number of authorized shares of Preferred Stock.

Certain Effects of Authorized but Unissued Stock

We may issue additional shares of Common Stock or Preferred Stock without stockholder approval, subject to applicable rules of the NYSE, for a variety of corporate purposes, including raising additional capital, corporate acquisitions, the payment of dividends and employee benefit plans. The existence of unissued and unreserved common and Preferred Stock may enable us to issue shares to persons who are friendly to current management, which could discourage an attempt to obtain control of the Company through a merger, tender offer, proxy contest or otherwise, and protect the continuity of management and possibly deprive you of opportunities to sell your shares at prices higher than the prevailing market prices. We could also use additional shares to dilute the stock ownership of persons seeking to obtain control of the Company.

Restrictions on Ownership and Transfer

To qualify as a “real estate investment trust” (“REIT”) under the Internal Revenue Code of 1986 (as amended, the “ Code”), we must satisfy a number of statutory requirements, including a requirement that no more than 50% in value of our outstanding shares of stock may be owned, actually or constructively, by five or fewer individuals (as defined by the Code to include certain entities such as qualified pension plans) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made). In addition, if we, or an actual or constructive owner of 10% or more of us, actually or constructively owns 10% or more of a tenant of ours (or a tenant of any partnership in which we are a partner), the rent we receive (either directly or through any such partnership) from such tenant will not be qualifying income for purposes of the REIT gross income tests of the Code. Our stock must also be beneficially owned by 100 or more persons during at least 355 days of a taxable year of twelve months or during a proportionate part of a shorter taxable year.

Our Charter provides that, subject to certain exceptions, no person may beneficially or constructively own more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock, or the ownership limit. Our Charter also prohibits any person from:

- beneficially owning shares of our capital stock to the extent that such beneficial ownership would result in our being “closely held” within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of the taxable year);
- beneficially or constructively owning shares of our capital stock to the extent such beneficial or constructive ownership would cause us to fail to qualify as a REIT (including, but not limited to, beneficial or constructive ownership that would cause us to actually or constructively own interests in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by us from such tenant would cause us to fail to satisfy any of the gross income requirements of Section 856(c) of the Code); or
- transferring shares of our capital stock to the extent that such transfer would result in our shares of capital stock being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution).

We refer to these restrictions, collectively, as the “ownership limits.” Subject to certain limitations, our board of directors may, in its sole discretion, prospectively or retroactively, exempt one or more persons from the ownership limits, on such terms and subject to such conditions as our board of directors may require.

Our Charter requires that any person who acquires or attempts to acquire shares of our stock in violation of the ownership limits give immediate, or in the event of a proposed or attempted transfer, at least 15 days’ prior, written notice to us. Any attempted transfer of our stock which, if effective, would result in our stock being beneficially owned by fewer than 100 persons will be void ab initio. Any attempted transfer of our stock which, if effective, would result in violation of the ownership limits (or any expected holder limit) or result in our being “closely held” under Section 856(h) of the Code or otherwise failing to qualify as a REIT, will cause the number of shares causing the violation (rounded to the nearest whole share) to be automatically transferred to a trust for the exclusive benefit of one or more charitable beneficiaries, and the proposed transferee will not acquire any rights in the shares. The trustee of the trust will be appointed by the Company or any successor trustee thereof. Shares of our stock held in the trust will be issued and outstanding shares. The proposed transferee will not benefit economically from ownership of any shares of stock held in the trust, will have no rights to dividends or other distributions and no rights to vote or other rights attributable to the shares of stock held in the trust. The trustee of the trust will have all voting rights and rights to dividends or other distributions with respect to shares held in the trust, which the trustee will exercise for the exclusive benefit of the charitable beneficiary of the trust.

The automatic transfer will be effective as of the close of business on the business day prior to the date of the violative transfer or other event that results in a transfer to the trust. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent violation of the applicable restrictions on ownership and transfer of our stock, then the transfer of the shares will be void ab initio. Any dividend or other distribution paid prior to our discovery that the shares had been automatically transferred to a trust as described above must be repaid by the recipient to the trustee upon demand. Any dividend or other distribution authorized but unpaid will be paid when due to the trustee. Any dividend or distribution paid to the trustee will be held in trust for the charitable beneficiary.

Subject to Maryland law, effective as of the date that the shares have been transferred to the trust, the trustee shall have the authority, at the trustee's sole discretion:

- to rescind as void ab initio any vote cast by a proposed transferee prior to our discovery that the shares have been transferred to the trust; and
- to recast the vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary of the trust.

However, if we have already taken irreversible corporate action, then the trustee may not rescind and recast the vote.

Shares of our stock transferred to the trustee are deemed offered for sale to us, or our designee, at a price per share equal to the lesser of (1) the price per share in the transaction that resulted in the transfer to the trust (or, in the case of a gift or devise, the market price at the time of such gift or devise) and (2) the market price on the date we, or our designee, accepts such offer. We have the right to accept such offer for a period of twenty (20) days after the later of (1) the date of the violative transfer or other event that results in a transfer to the trust and (2) if no notice of a transfer of shares to the trust is received by us, the date we determine in good faith that a violative transfer or other event that results in a transfer to the trust has occurred. Upon a sale to us, the interest of the charitable beneficiary in the shares sold terminates and the trustee must distribute the net proceeds of the sale to the proposed transferee. Any amounts received by the trustee in excess of the amounts paid to the proposed transferee will be paid to the charitable beneficiary.

If we do not purchase the shares held in trust, the trustee must sell the shares to a person designated by the trustee who could own the shares without violating the ownership limit and the other restrictions on ownership and transfer of our stock contained in our Charter. After selling the shares, the trustee must distribute to the proposed transferee an amount equal to the lesser of (1) the price paid by the proposed transferee for the shares (or, in the case of a gift or devise, the market price at the time of such gift or devise) and (2) the sales proceeds (net of commissions and other expenses of sale) received by the trust for the shares.

Every owner of more than 5% (or any lower percentage as required by the Code or the regulations promulgated thereunder or as may be requested by our board of directors in its sole discretion) in number or value of the outstanding shares of our capital stock, within 30 days after the end of each taxable year, is required to give us written notice, stating his or her name and address, the number of shares of each class and series of shares of our capital stock that he or she beneficially owns and a description of the manner in which the shares are held. Each of these owners must provide us with additional information that we may request in order to determine the effect, if any, of his or her beneficial ownership on our status as a REIT and to ensure compliance with the ownership limits. In addition, each stockholder will upon demand be required to provide us with information that we may request in good faith in order to determine our status as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine our compliance.

Certain Corporate Anti-Takeover Provisions

The following is a description of certain provisions included in our Charter, Bylaws and Maryland law that may have the effect of discouraging unilateral tender offers or other takeover proposals that stockholders might deem to be in their interests or in which they might receive a substantial premium. Our board of directors' authority to issue and establish the terms of currently authorized Preferred Stock, without stockholder approval, may also have the effect of discouraging takeover attempts. The following provisions could also have the effect of insulating current management against the possibility of removal and could, by possibly reducing temporary fluctuations in market price caused by accumulations of shares of our Common Stock, deprive stockholders of opportunities to sell at a temporarily higher market price. Our board of directors believes, however, that these provisions may help assure fair treatment of our stockholders and preserve our assets. These provisions may require persons seeking control of the Company to negotiate with our board of directors regarding the price to be paid for our shares required to obtain control, promote continuity and stability, and enhance the Company's ability to pursue long-term strategies.

Charter and Bylaws

Our Charter and Bylaws contain certain provisions, including the provisions described below, that may discourage certain types of transactions that involve an actual or threatened change of control of us. Since the terms of our Charter and Bylaws may differ from the general information we are providing, you should only rely on the actual provisions of our Charter and Bylaws, each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit is a part.

Size of Board. Our Charter specifies that the number of directors shall be six, which number may be increased or decreased as provided in the Bylaws, but shall not be less than five nor more than thirteen.

Election of Directors. A director is generally elected by the vote of a majority of the votes cast at the meeting at which the election is held, except that, in case of a contested election, directors are elected by the vote of a plurality of the votes present in person or represented by proxy at the meeting. For one of our stockholders to nominate a candidate for director, our Bylaws require that such stockholder give timely notice to us in advance of the meeting. Ordinarily, the stockholder must give notice not less than 90 days nor more than 120 days before the first anniversary of the preceding year's annual meeting. The notice must describe various matters regarding the nominee, the stockholder giving the notice and the beneficial owner on whose behalf the nomination is made. Our Charter does not permit cumulative voting in the election of directors. Accordingly, the holders of a majority of the then-outstanding shares of Common Stock can elect all of the directors of the class then being elected at that meeting of stockholders.

Removal of Directors. Our Charter and Bylaws provide that stockholders may remove a director only "for cause" and with the affirmative vote of not less than two-thirds of the-then outstanding shares of our capital stock entitled to vote, subject to any rights of holders of any outstanding series of Preferred Stock or any other series or class of stock to elect additional directors under specified circumstances.

Filling Vacancies. Our Bylaws provide that any vacancies on the board of directors, including vacancies by reason of an increase in the number of directors, whether or not sufficient to constitute a quorum, may be filled by a majority vote of the directors then in office even if the remaining directors do not constitute a quorum.

Limitations on Stockholder Action by Written Consent. Our Bylaws provide that, except for the election of directors, action may be taken without a meeting of stockholders only if all of the stockholders entitled to vote with respect to the subject matter thereof consent in writing or by electronic transmission to such action being taken or (in respect to the adoption of new Bylaws or the amendment or repeal of the existing Bylaws) by a written consent of the holders of a majority of the outstanding shares entitled to vote. The election of directors may not be undertaken by written consent.

Limitations on Calling Stockholder Meetings. Under our Bylaws, special meetings of the stockholders may be called by a majority of our board of directors, the chairman of our board of directors, our chief executive officer or president, or, subject to the satisfaction of certain procedural and informational requirements by the stockholders requiring the meeting, by our secretary upon written request of holders of not less than a majority of the votes entitled to be cast on the business proposed.

Advance Notice Bylaw; Proposal and Nomination Information Requirements. For a stockholder to bring a proposal before an annual meeting, including director nominations, our Bylaws require that the stockholder give timely notice to us in advance of the meeting. Ordinarily, the stockholder must give notice at least 90 days but not more than 120 days before the first anniversary of the preceding year's annual meeting. Each proponent of a matter to be considered at a stockholder meeting and each stockholder nominating a director must furnish certain information, including his or her ownership of Common Stock, options or any short positions related to our Common Stock and any fees such proponent stands to earn based on the value of the Common Stock or derivatives related to the Common Stock. Each director nominated by a stockholder must certify that he or she is not a party to, and will not become a party to, any agreement with any person or entity in connection with service or action as a director. Such director nominee must also submit a completed director questionnaire provided by us.

Our board of directors may reject any proposals that have not followed these procedures or that are not a proper subject for stockholder action in accordance with the provisions of applicable law.

Certain Amendments to our Charter and Bylaws. The provisions of our Charter governing certain business combinations and governing ownership limitations and excess shares may not be amended without the board declaring the amendment advisable and the approval of 80% of the outstanding shares of our capital stock entitled to vote. Our Bylaws may be amended, altered, changed or repealed by (1) a majority of all the outstanding shares of capital stock entitled to vote, unless the Bylaws provide that a higher voting requirement applies, or (2) a majority of our board of directors.

Business Combinations. Our Charter requires that, except in some circumstances, "business combinations" between us and a beneficial holder of 10% or more of our outstanding voting stock, which we refer to as a Related Person, be approved by the affirmative vote of at least 80% of our outstanding voting shares. A "business combination" is defined in our Charter as:

- any merger or consolidation of the Company with or into a Related Person;
- any sale, lease, exchange, transfer or other disposition, including without limitation a mortgage or any other security device, of all or any "Substantial Part" (as defined below) of the assets of the Company (including without limitation any voting securities of a subsidiary) to a Related Person;
- any merger or consolidation of a Related Person with or into the Company;
- any sale, lease, exchange, transfer or other disposition of all or any Substantial Part of the assets of a Related Person to the Company;
- the issuance of any of our securities (other than by way of pro rata distribution to all stockholders) of the Company to a Related Person; and
- any agreement, contract or other arrangement providing for any of the transactions described above.

The term "Substantial Part" means more than 10% of the book value of our total assets as of the end of our most recent fiscal year ending prior to the time the determination is being made.

Maryland Law

Maryland "Unsolicited Takeovers" under Subtitle 8 of Title 3. The "Unsolicited Takeovers" provisions of Subtitle 8 of Title 3 of the Maryland General Corporation Law permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its Charter or Bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the Charter or Bylaws, to any or all of five provisions:

- a classified board of directors;
- a two-thirds vote requirement to remove a director;
- a requirement that the number of directors be fixed only by a vote of directors;
- a requirement that a vacancy on the board of directors be filled only by the remaining directors and for the remainder of the full terms of the class of directors in which the vacancy occurred; and
- a majority requirement for the calling of a special meeting of stockholders.

We have elected to be subject to the requirement that a vacancy on the board of directors be filled by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred. Accordingly, the stockholders may not fill any vacancy upon the board of directors.

Pursuant to a resolution of the board, we have elected to affirmatively opt out of Section 3-803 of the MGCL, which permits the board of directors of a Maryland corporation to divide its board into classes without stockholder approval. The board resolution is irrevocable unless it is first approved in the same manner as an amendment to the Charter, which would require the approval of the Company's stockholders by the affirmative vote of a majority of all the votes entitled to be cast on the matter.

The other Subtitle 8 elections are not currently relevant to us because existing provisions in our Charter and Bylaws (unrelated to Subtitle 8) already make us subject to the two-thirds vote requirement for removing a director, a requirement that the number of directors be fixed only by a vote of directors, and a majority requirement for the calling of a special meeting of stockholders. Subject to the voting requirements described herein, we retain our right to opt in to any of the other provisions of Subtitle 8.

Maryland Business Combination Act. Pursuant to Section 5.09 of our Charter, we have opted out of Maryland's statutory "business combination" provisions under the Maryland Business Combination Act. Nevertheless, we cannot assure you that our board of directors will not decide in the future to adopt a resolution electing to be subject to the statutory business combination provisions. An alteration or repeal of the Charter's "opt out" provision, however, would not have any effect on any business combinations that have been consummated or upon any agreements existing at the time of such modification or repeal.

If we were to opt into the Maryland Business Combination Act, certain "business combinations" (including a merger, consolidation, share exchange or, in certain circumstances specified under the statute, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and any interested stockholder, or an affiliate of such an interested stockholder, would be prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. Maryland law defines an interested stockholder as:

- any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the corporation's outstanding voting stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. In approving a transaction, however, a board of directors may provide that its approval is subject to compliance, at or after the time of the approval, with any terms and conditions determined by it.

After such five-year period, any such business combination must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These supermajority approval requirements do not apply if, among other conditions, the corporation's common stockholders receive a minimum price (as defined in the Maryland General Corporation Law) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares.

For a description of the Business Combinations provision included in our Charter, see "Charter and Bylaws - Business Combinations" above.

Maryland Control Share Acquisition Act. Pursuant to Section 5.09 of our Charter, we have opted out of Maryland's statutory "control share acquisition" provisions under the Maryland Control Share Acquisition Act. Nevertheless, we cannot assure you that our board of directors will not decide in the future to adopt a resolution electing to be subject to the statutory control share acquisition provisions. An alteration or repeal of the Charter's "opt out" provision, however, would not have any effect on any control share acquisitions that have been consummated or upon any agreements existing at the time of such modification or repeal.

The Maryland Control Share Acquisition Act, if and when applicable to us, would provide that "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares of stock owned by the acquirer, by officers or by directors who are employees of the corporation are excluded from shares entitled to vote on the matter. "Control shares" are voting shares of stock, that, if aggregated with all other shares of stock owned by the acquirer or shares of stock for which the acquirer is able to exercise or direct the exercise of voting power except solely by virtue of a revocable proxy, would entitle the acquirer to exercise direct or indirect voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more, but less than one-third of all voting power;
- one-third or more, but less than a majority of all voting power; or
- a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. Except as otherwise specified in the statute, a " control share acquisition" means the direct or indirect acquisition of control shares.

Once a person who has made or proposes to make a control share acquisition has undertaken to pay expenses and satisfied other conditions, the person may compel the board of directors to call a special meeting of stockholders to be held within 50 days of the corporation's receipt of demand to consider the voting rights of the shares. If no request for a special meeting is made, the corporation itself may present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may be able to redeem any or all of the control shares for fair value, except for control shares for which voting rights previously have been approved. The right of the corporation to redeem control shares is subject to certain conditions and limitations. Fair value is determined without regard to the absence of voting rights for control shares, as of the date of the last control share acquisition by the acquirer or of any meeting of stockholders at which the voting rights of control shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of these appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition. Some of the limitations and restrictions otherwise applicable to the exercise of appraisal rights do not apply in the context of a control share acquisition.

Duties of Directors with Respect to Unsolicited Takeovers . Maryland law provides protection for Maryland corporations against unsolicited takeovers by limiting, among other things, the duties of the directors in unsolicited takeover situations. The duties of directors of Maryland corporations do not require them to (a) accept, recommend or respond on behalf of the corporation to any proposal by a person seeking to acquire control of the corporation, (b) make a determination under the Maryland business combination or control share acquisition statutes described above, or (c) act or fail to act solely because of the effect the act or failure to act may have on an acquisition or potential acquisition of control of the corporation or the amount or type of consideration that may be offered or paid to the stockholders in an acquisition. Moreover, under Maryland law the act of a director of a Maryland corporation relating to or affecting an acquisition or potential acquisition of control is not subject to any higher duty or greater scrutiny than is applied to any other act of a director. Maryland law also contains a statutory presumption that an act of a director of a Maryland corporation satisfies the applicable standards of conduct for directors under Maryland law.

Listing

Shares of Common Stock are listed on the NYSE under the symbol “OHI.”

Transfer Agent and Registrar

The transfer agent and registrar for our Common Stock is Computershare Trust Company, N.A.

FORM OF
TIME-BASED RESTRICTED STOCK UNITS AGREEMENT
PURSUANT TO THE OMEGA HEALTHCARE INVESTORS, INC.
2018 STOCK INCENTIVE PLAN

THIS AGREEMENT (this "**Agreement**") is made as of the Grant Date, by and between Omega Healthcare Investors, Inc. (the "**Company**") and «Recipient» (the "**Recipient**").

Upon and subject to this Agreement (including the Terms and Conditions and the Exhibit which are attached hereto and incorporated herein as part of this Agreement) the Company hereby awards as of the Grant Date to the Recipient the number of Restricted Stock Units set forth below (the "**Restricted Stock Units Grant**" or the "**Award**"). Underlined and capitalized captions in Items A through I below shall have the meanings therein ascribed to them. Other capitalized terms used in this Agreement are defined in Section 15 of the Terms and Conditions. Capitalized terms that are used but not defined in this Agreement shall have the meaning ascribed to them in the "Plan" (as defined below).

A. Grant Date: January 1, 2020.

B. Plan: (under which Restricted Stock Units Grant is granted): Omega Healthcare Investors, Inc. 2018 Stock Incentive Plan.

C. Restricted Stock Units: «Restricted_Stock_Units» Restricted Stock Units, which represents the right of the Recipient to receive upon vesting the same number of shares of the Company's common stock ("**Common Stock**"), subject to adjustment as provided in the Terms and Conditions.

D. Vesting Schedule: The Restricted Stock Units shall vest according to Exhibit 1 (the "Vesting Schedule"). The Restricted Stock Units which have become vested pursuant to the Vesting Schedule are herein referred to as the "**Vested Stock Units**." Each Vested Stock Unit represents the Company's unsecured obligation to issue one share of Common Stock.

E. Distribution Date of Common Stock: The shares of Common Stock attributable to the Vested Stock Units shall be issued to the Recipient on the date the Restricted Stock Units become vested, subject to receipt from the Recipient of the required tax withholding and Section 13 of the Terms and Conditions. Notwithstanding the foregoing, distribution shall be deferred to the extent provided in any deferral agreement between the Recipient and the Company as a result of the Recipient's valid deferral election.

F. Dividend Equivalents: Each Restricted Stock Unit shall accrue Dividend Equivalents, an amount equal to the dividends paid on one share of Common Stock to a shareholder of record on or after January 1, 2020 and until the date that the shares of Common Stock attributable to the Vested Stock Units are issued or the Restricted Stock Units are forfeited.

G. Distribution Date of Dividend Equivalents: The Dividend Equivalents shall be paid to the Recipient on the same date that the related dividends are paid to shareholders of record, subject to required tax withholding; provided, however that any Dividend Equivalents that are accrued and owing as of the Grant Date shall be paid within twenty (20) days after the Grant Date. Notwithstanding the foregoing or any other provision hereof, distribution of Dividend Equivalents shall be deferred to the extent provided in any deferral agreement between the Recipient and the Company as a result of the Recipient's valid deferral election and shall be paid in the form provided in such agreement.

H. Non-Competition Provisions: The Recipient acknowledges that if the Recipient is subject to any provisions then in effect in the employment agreement between the Recipient and the Company or an Affiliate that limit the ability of the Recipient to enter into competition with the Company or its Affiliates or to work for a business which is in a similar business to that of the Company or of an Affiliate, the Recipient will abide by such provisions. Further, the Recipient agrees that if there is no such employment agreement or there are no such provisions in the employment agreement, during the Applicable Period, the Recipient will not (except on behalf of or with the prior written consent of the Company, which consent may be withheld in Company's sole discretion), within the Area, on the Recipient's own behalf, or in the service of or on behalf of others, and whether as an employee, a consultant or otherwise, provide managerial services or management consulting services substantially similar to those the Recipient provides for the Company or an Affiliate to any Competing Business. As of the Grant Date, the Recipient acknowledges and agrees that the Recipient provides services to the Company throughout the Area.

I. Non-Solicitation Provisions: The Recipient acknowledges that if the Recipient is subject to any provisions then in effect in the employment agreement between the Recipient and the Company or an Affiliate that limit the ability of the Recipient to solicit clients or employees of the Company or its Affiliates, the Recipient will abide by such provisions. Further, the Recipient agrees that if there is no such employment agreement or there are no such provisions in the employment agreement, during the Applicable Period, the Recipient will not, on the Recipient's own behalf or in the service of or on behalf of others:

(i) solicit any individual or entity which is an actual client of the Company or any of its Affiliates as of the Determination Date with whom the Recipient had direct material contact while the Recipient was an employee of the Company or an Affiliate, for the purpose of offering services substantially similar to those offered by the Company or an Affiliate, or

(ii) solicit for employment with a Competing Business any person who is a management level employee of the Company or an Affiliate with whom the Recipient had contact during the then most recent year of the Recipient's employment with the Company or an Affiliate.

The Recipient shall not be deemed to be in breach of Item I(ii) solely because an employer for whom the Recipient performs services solicits, diverts, or hires a management level employee of the Company or an Affiliate, provided that the Recipient does not engage in the activity proscribed by Item I(ii).

J. Acknowledgement: The Recipient acknowledges and agrees that the Recipient's agreement to and compliance with the provisions of this Agreement, including without limitation Item H and Item I above, are conditions to the effectiveness of the grant of the Award, and further acknowledges and agrees that the Recipient's noncompliance with Item H or Item I above can result in a forfeiture and/or recovery of all or part of the Award to the extent provided in the Vesting Schedule. The Recipient also acknowledges and agrees that the forfeitures and compensation recoveries provided for in this Agreement in connection with any breach during the Applicable Period by the Recipient of the Restrictive Provisions or the Intellectual Property Agreement shall not be the Company's sole remedy, and nothing in this Agreement limits the Company's right to seek damages, injunctive relief or other legal or equitable relief in case of any breach during the Applicable Period by the Recipient of the Restrictive Provisions or the Intellectual Property Agreement, except to the extent provided otherwise in the last paragraph of the Vesting Schedule. In the event that any provision of this Agreement is determined by a court which has jurisdiction to be unenforceable in part or in whole, the court shall be deemed to have the authority to strike or sever any unenforceable provision, or any part thereof or to revise any provision to the minimum extent necessary to render the provision reasonable and then to enforce the provision to the maximum extent permitted by law.

IN WITNESS WHEREOF, the Company and the Recipient have executed and agree to be bound by this Agreement as of the Grant Date set forth above.

OMEGA HEALTHCARE INVESTORS, INC.

By:

Title:

THE RECIPIENT

By:

Name: «Recipient»

TERMS AND CONDITIONS TO THE
TIME-BASED RESTRICTED STOCK UNITS AGREEMENT
PURSUANT TO THE OMEGA HEALTHCARE INVESTORS, INC.
2018 STOCK INCENTIVE PLAN

1. Vested Stock Units. The Company shall issue in book-entry form in the name of the Recipient, or issue and deliver to the Recipient a share certificate representing, the Vested Shares on the Distribution Date of Common Stock.

2. Tax Withholding, Dividends Equivalents. Payment of Dividend Equivalents is subject to required tax withholding.

3. Tax Withholding, Shares.

(a) The minimum required amount of the tax withholding obligations imposed on the Company, or at the Company's discretion if tax withholding is required, tax withholding up to the maximum statutory rates, by reason of the issuance of the shares of Common Stock attributable to Vested Stock Units shall be satisfied by reducing the actual number of shares of Common Stock by the number of whole shares of Common Stock which, when multiplied by the Fair Market Value of the Common Stock on the Distribution Date of Common Stock, is sufficient, together with cash in lieu of any fractional share, to satisfy such tax withholding, assuming that (i) the Recipient does not make a valid election to satisfy tax withholding in cash pursuant to Subsection (b), and (ii) the Committee does not determine that tax withholding will be required to be satisfied in another manner.

(b) However, the Recipient may elect in writing by notice to the Company received at least ten (10) days before the earliest Distribution Date of Common Stock to satisfy such tax withholding obligation in cash by the earliest Distribution Date of Common Stock, as provided in Subsection (a)(i). If the Recipient fails to timely satisfy payment of the cash amount, then Subsection (a) shall apply.

(c) To the extent that the Recipient is required to satisfy the tax withholding obligation in this Section in cash, the Company shall withhold the cash from any cash payments then owed to the Recipient, or if none, the Recipient shall timely remit the cash amount.

(d) If the Recipient does not timely satisfy payment of the tax withholding obligation, the Recipient will forfeit the Vested Stock Units.

4. Restrictions on Transfer of Restricted Stock Units. Except for the transfer of any Restricted Stock Units by bequest or inheritance, the Recipient shall not have the right to make or permit to exist any transfer or hypothecation, whether outright or as security, with or without consideration, voluntary or involuntary, of all or any part of any right, title or interest in or to any Restricted Stock Units. Any such disposition not made in accordance with this Agreement shall be deemed null and void. Any permitted transferee under this Section shall be bound by the terms of this Agreement.

5. Change in Capitalization.

(a) The number and kind of shares issuable under this Agreement shall be proportionately adjusted for non-reciprocal transactions between the Company and the holders of Common Stock that cause the per share value of the shares of Common Stock subject to this Award to change, such as a stock dividend, stock split, spinoff, or rights offering (each an "**Equity Restructuring**"). No fractional shares shall be issued in making such adjustment.

(b) In the event of a merger, consolidation, reorganization, extraordinary dividend, spin-off, sale of substantially all of the Company's assets, other change in capital structure of the Company, tender offer for shares of Common Stock, or a Change in Control, that in each case does not constitute an Equity Restructuring, the Committee shall take such action to make such adjustments with respect to the Restricted Stock Units as the Committee, in its sole discretion, determines in good faith is necessary or appropriate and as is permitted by the Plan, including, without limitation, adjusting the number and class of securities subject to the Award, substituting other securities, property or cash to replace the Award, all as determined in good faith by the Committee to have equivalent value to the Award, removing restrictions on the Award, or terminating the Award in exchange for the cash value determined in good faith by the Committee. Any adjustment pursuant to this Section may provide, in the Committee's discretion, for the elimination without payment of any fractional shares that might otherwise be subject to the Award, but except as set forth in this Subsection and the Plan may not otherwise diminish the then value of the Award.

(c) All determinations and adjustments made by the Committee pursuant to this Section will be final and binding on the Recipient. Any action taken by the Committee need not treat all recipients of awards under the Plan equally.

(d) The existence of the Plan and the Restricted Stock Units Grant shall not affect the right or power of the Company to make or authorize any adjustment, reclassification, reorganization or other change in its capital or business structure, any merger or consolidation of the Company, any issue of debt or equity securities having preferences or priorities as to the Common Stock or the rights thereof, the dissolution or liquidation of the Company, any sale or transfer of all or part of its business or assets, or any other corporate act or proceeding.

6. Governing Laws. This Award shall be construed, administered and enforced according to the laws of the State of Maryland; provided, however, no shares of Common Stock shall be issued except, in the reasonable judgment of the Committee, in compliance with exemptions under applicable state securities laws of the state in which Recipient resides, and/or any other applicable securities laws.

7. Successors. This Agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, successors, and permitted assigns of the parties.

8. Notice. Except as otherwise specified herein, all notices and other communications under this Agreement shall be in writing and shall be deemed to have been given if personally delivered or if sent by registered or certified United States mail, return receipt requested, postage prepaid, addressed to the proposed recipient at the last known address of the Recipient. Any party may designate any other address to which notices shall be sent by giving notice of the address to the other parties in the same manner as provided herein.

9. Severability. In the event that any one or more of the provisions or portion thereof contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, the same shall not invalidate or otherwise affect any other provisions of this Agreement, and this Agreement shall be construed as if the invalid, illegal or unenforceable provision or portion thereof had never been contained herein.

10. Entire Agreement. This Agreement, together with the terms and conditions set forth in the Plan, expresses the entire understanding and agreement of the parties with respect to the subject matter. In the event of a conflict between the terms of the Plan and this Agreement, the Plan shall govern.

11. Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the party or parties who are thereby aggrieved shall have the right to specific performance and injunction in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative.

12. No Right to Continued Retention Neither the establishment of the Plan nor the Award shall be construed as giving Recipient the right to continued service with the Company or an Affiliate.

13. Tax Effects under 409A. It is intended that the Award under this Agreement will be exempt from or comply with Section 409A of the Internal Revenue Code (the "**Code**"). All provisions of this Agreement shall be construed consistent with that intent. If and to the extent that the Award does not qualify for an exemption from Code Section 409A, whether as a short-term deferral pursuant to Treas. Regs. Section 1.409A-1(b)(4) or otherwise, notwithstanding any other provision of this Agreement, payment shall be made only in accordance with Code Section 409A, such that if payment is being made as a result of the Recipient's termination of employment or other cessation of services, that shall be construed to require a "separation from service" as defined under Code Section 409A and payment will be delayed for any "specified employee" as defined under Code Section 409A to the extent required to comply with Code Section 409A(a)(2)(B)(i). The Company does not guarantee to the Recipient that the Award will not be subject to tax under 409A, and if it is, the Recipient shall be solely responsible for such tax.

14. Headings. Except as otherwise provided in this Agreement, headings used herein are for convenience of reference only and shall not be considered in construing this Agreement.

15. Definitions. As used in this Agreement:

"**Affiliate**" means any person, firm, corporation, partnership, association or entity that, directly or indirectly or through one or more intermediaries, controls, is controlled by or is under common control with the Company.

"**Applicable Period**" means:

(a) as to the Restrictive Provisions,

(i) the period of time that the Restrictive Provisions are in effect in accordance with the terms of the employment agreement then in effect between the Recipient and the Company or an Affiliate, or

(ii) if there is no such employment agreement or there are no such provisions in the employment agreement, the period of the Recipient's employment with the Company or an Affiliate, and with respect to the Non-Solicitation Provisions, twelve (12) months thereafter, and with respect to the Non-Competition Provisions, six (6) months thereafter; and

(b) as to the Intellectual Property Agreement, the period of time that any breach of such agreement would be actionable by the Company or an Affiliate pursuant to the terms of such agreement.

"**Area**" means the states, areas and countries in which the Company or any of its Affiliates owns, acquires, develops, invests in, leases, finances the ownership of, or finances the operation of any skilled nursing facilities, senior housing, long-term care facilities, assisted living facilities, or other residential healthcare-related real estate.

"**Board**" means the Board of Directors of the Company.

"**Business of the Company**" means any business with the primary purpose of leasing assets to healthcare operators, or financing the ownership of or financing the operation of skilled nursing facilities, senior housing, long-term care facilities, assisted living facilities, or other residential healthcare-related real estate.

"**Cause**" shall have the meaning set forth in the employment agreement then in effect between the Recipient and the Company or an Affiliate, or, if there is none, then Cause shall mean the occurrence of any of the following events:

(a) willful refusal by the Recipient to follow a lawful direction of any person to whom the Recipient reports or the Chief Executive Officer of the Company, provided the direction is not materially inconsistent with the duties or responsibilities of the Recipient's position with the Company or an Affiliate, which refusal continues after such person or the Chief Executive Officer of the Company has again given the direction in writing;

(b) willful misconduct or reckless disregard by the Recipient of the Recipient's duties or with respect to the interest or material property of the Company or an Affiliate;

(c) material breach by the Recipient of any of the Restrictive Provisions;

(d) material breach by the Recipient of any provision of the Intellectual Property Agreement;

(e) any act by the Recipient of fraud against, material misappropriation from or significant dishonesty to either the Company or an Affiliate, or any other party, but in the latter case only if in the reasonable opinion of the Chief Executive Officer of the Company, such fraud, material misappropriation, or significant dishonesty could reasonably be expected to have a material adverse impact on the Company or its Affiliates; or

(f) commission by the Recipient of a felony as reasonably determined by the Chief Executive Officer of the Company.

"**Change in Control**" means any one of the following events which occurs following the Grant Date:

(a) the acquisition within a twelve (12) month period, directly or indirectly, by any "person" or "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than the Company or any employee benefit plan of the Company or an Affiliate, or any corporation or other entity pursuant to a reorganization, merger or consolidation, of equity securities of the Company that in the aggregate represent thirty percent (30%) or more of the total voting power of the Company's then outstanding equity securities;

(b) the acquisition, directly or indirectly, by any "person" or "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than the Company or any employee benefit plan of the Company or an Affiliate, or any corporation or other entity pursuant to a reorganization, merger or consolidation of equity securities of the Company, resulting in such person or persons holding equity securities of the Company that, together with equity securities already held by such person or persons, in the aggregate represent more than fifty percent (50%) of the total fair market value or total voting power of the Company's then outstanding equity securities;

(c) individuals who as of the date hereof, constitute the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board;

(d) a reorganization, merger or consolidation, with respect to which persons who were the holders of equity securities of the Company immediately prior to such reorganization, merger or consolidation, immediately thereafter, own equity securities of

the surviving entity representing less than fifty percent (50%) of the combined ordinary voting power of the then outstanding voting securities of the surviving entity; or

(e) the acquisition within a twelve (12) month period, directly or indirectly, by any "person" or "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than any corporation or other entity pursuant to a reorganization, merger or consolidation, of assets of the Company that have a total gross fair market value equal to or more than eighty-five percent (85%) of the total gross fair market value of all of the assets of the Company immediately before such acquisition.

Notwithstanding the foregoing, no Change in Control shall be deemed to have occurred for purposes of this Agreement (i) unless the event also constitutes a "change in the ownership or effective control of the corporation or in the ownership of a substantial portion of the assets of the corporation" within the meaning of Code Section 409A(a)(2)(v), or (ii) by reason of any actions or events in which the Recipient participates in a capacity other than in his capacity as an officer, employee, or director of the Company or an Affiliate.

"**Competing Business**" means any person, firm, corporation, joint venture, or other business that is engaged in the Business of the Company.

"**Determination Date**" means with respect to determining compliance with a covenant of this Agreement (a) while the Recipient remains employed by the Company or an Affiliate, the date as of which compliance is being determined, and (b) after the Recipient's termination of employment, the date of the Recipient's termination of employment.

"**Good Reason**" shall have the meaning set forth in the employment agreement then in effect between the Recipient and the Company or an Affiliate, or, if there is none, then Good Reason shall mean the occurrence of an event listed in (a) through (c) below:

(a) the Recipient experiences a material diminution of the Recipient's responsibilities of the Recipient's position, as reasonably modified by any person to whom the Recipient reports or the Chief Executive Officer of the Company from time to time, such that the Recipient would no longer have responsibilities substantially equivalent to those of other employees holding equivalent positions at companies with similar revenues and market capitalization;

(b) the Company or the Affiliate which employs the Recipient reduces the Recipient's annual base salary or annual bonus opportunity at high, target or threshold performance as a percentage of annual base salary; or

(c) the Company or the Affiliate which employs the Recipient requires the Recipient to relocate the Recipient's primary place of employment to a new location that is more than fifty (50) miles from its current location (determined using the most direct driving route), without the Recipient's consent;

provided however, as to each event in Subsection (a) through (c),

(i) the Recipient gives written notice to the Company within ten (10) days following the event or receipt of notice of the event of the Recipient's objection to the event;

(ii) the Company or the Affiliate which employs the Recipient fails to remedy the event within ten (10) days following the Recipient's written notice; and

(iii) the Recipient terminates his employment within thirty (30) days following the Company's and the Affiliate's failure to remedy the event.

"**Intellectual Property Agreement**" means that certain agreement entitled "Intellectual Property Agreement" previously entered into between the Company and the Recipient.

"**Non-Competition Provisions**" means the provisions under the title "Non-Competition Provisions" heading in Item H above of this Agreement.

"**Non-Solicitation Provisions**" means the provisions under the title "Non-Solicitation Provisions" heading in Item I above of this Agreement.

"**Restrictive Provisions**" means the Non-Competition Provisions and the Non-Solicitation Provisions.

"**Retirement**" means voluntary resignation by a Recipient after having reached at least age sixty-two (62) and having performed at least ten (10) years of service with the Company, any subsidiary and/or any company that is acquired directly or indirectly by the Company. In addition, a Recipient must give at least six (6) months prior written notice of resignation for such voluntary resignation to qualify as "Retirement." The Recipient may give the required notice before satisfying the age and service requirements for Retirement, provided the Recipient satisfies the age and service requirements as of the effective date of Retirement.

EXHIBIT 1

VESTING SCHEDULE

A. Active Employee. Except as provided in the remainder of this Vesting Schedule, the Restricted Stock Units shall become Vested Stock Units in accordance with the following schedule:

Date	Percentage of Restricted Stock Units which are Vested Stock Units
December 31, 2022	100%

; provided the Recipient must remain an employee, director or consultant of the Company or an Affiliate through the indicated date set forth above to vest in accordance with the schedule above; provided further, if during the Applicable Period and while the Recipient remains an employee, director or consultant of the Company or an Affiliate, the Recipient breaches the Restrictive Provisions or the Intellectual Property Agreement, the Board is permitted to require the Recipient to return to the Company any Common Stock issued within one year before the breach that was attributable to Vested Stock Units, or if such Common Stock had been sold in an arm's length transaction by the Recipient, the proceeds of such sale as determined by the Board. The amount of the recovery shall be determined without regard to any taxes paid by or withheld from the wages of the Recipient unless the Board shall determine otherwise. Any subsequent provision of this Vesting Schedule providing for vesting in the specified circumstances shall not override the compensation recovery provisions of this Item A.

B. Disability, Good Reason or without Cause Termination Except as provided in Item F below, if, in the year set forth in the following schedule, the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to the Recipient's Disability, the Recipient's resignation from the Company and all Affiliates for Good Reason, or the termination of the Recipient's employment by the Company and its Affiliates without Cause (each such event referred to as a "**Qualifying Termination**"), then the percentage of the Restricted Stock Units in the following schedule (rounded to the closest whole number of Restricted Stock Units) shall become Vested Stock Units as of the earlier of December 31, 2022 or the date of a Change in Control (the "**Applicable Post-Termination Vesting Date**"):

Year of Qualifying Termination	Percentage of Restricted Stock Units which are Vested Stock Units
2020	$33^{1}/_{3}$%
2021	$66^{2}/_{3}$%
2022	100%

; provided however, that such vesting shall not occur if before the earlier of the Applicable Post-Termination Vesting Date or the end of the Applicable Period, the Recipient breaches any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Restricted Stock Units shall be immediately forfeited as of the date of such breach.

C. Retirement. Except as provided in Item F below, if the Recipient ceases services as an employee of the Company and all Affiliates due to Retirement in the year set forth in the following schedule, then the percentage of the Restricted Stock Units in the following schedule (rounded to the closest whole number of Restricted Stock Units) shall become Vested Stock Units as of the Applicable Post-Termination Vesting Date:

Year of Retirement	Percentage of Restricted Stock Units which are Vested Stock Units
2020	0%
2021	100%
2022	100%

; provided however, that such vesting shall not occur if before the earlier of the Applicable Post-Termination Vesting Date or the end of the Applicable Period, the Recipient breaches any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Restricted Stock Units shall be immediately forfeited as of the date of such breach.

D. Death after Qualifying Termination or Retirement. Except as provided in Item F below, if Item B or C of this Vesting Schedule applies and the Recipient thereafter dies before the date vesting occurs pursuant to Item B or C, then the vesting there provided shall be accelerated to the date of the Recipient's death; provided however, that such vesting shall not occur if during the Applicable Period and before the date of death, the Recipient breached any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Restricted Stock Units shall be immediately forfeited as of the date of such breach.

E. Death while Employed. Except as provided in Item F below, if the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to the Recipient's death in the year set forth in the following schedule, then the percentage of the Restricted Stock Units in the following schedule (rounded to the closest whole number of Restricted Stock Units) shall become Vested Stock Units as of the date of death:

Year of Death	Percentage of Restricted Stock Units which are Vested Stock Units
2020	$33^1/_3$%
2021	$66^2/_3$%
2022	100%

; provided however, that such vesting shall not occur if during the Applicable Period and before the date of death, the Recipient breached any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Restricted Stock Units shall be immediately forfeited as of the date of such breach.

F. Change in Control. Notwithstanding Items B through E of this Vesting Schedule, if a Change in Control occurs on or after the Grant Date and on or before December 31, 2022, and (i) within sixty (60) days before the Change in Control or (ii) after the Change in Control, the Recipient incurs a Qualifying Termination, ceases services as an employee of the Company and all Affiliates due to the Recipient's Retirement, or ceases services as an employee, director or consultant of the Company and all Affiliates due to the Recipient's death, then all Restricted Stock Units which have not previously become Vested Stock Units pursuant to any of Items B through E shall become Vested Stock Units as of the later of the date of the Change in Control or the date of the Qualifying Termination, Retirement or death.

G. Voluntary Resignation or Cause Termination. Restricted Stock Units which have not become Vested Stock Units as of the Recipient's cessation of services as an employee, director, or consultant of the Company and all Affiliates, except as provided in Items B through F of this Vesting Schedule shall be forfeited. Further, if (a) before a Change in Control, the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to (I) the Recipient's voluntary resignation without Good Reason (and not due to Disability or Retirement) or (II) the termination of the Recipient's employment by the Company and its Affiliates for Cause, and (b) during the Applicable Period, the Recipient breaches the Restrictive Provisions or the Intellectual Property Agreement, the Board is permitted to require the Recipient to return to the Company any

Common Stock issued within one year before the Recipient's cessation of services that was attributable to Vested Stock Units, or if such Common Stock had been sold in an arm's length transaction by the Recipient, the proceeds of such sale as determined by the Board. The amount of the recovery shall be determined without regard to any taxes paid by or withheld from the wages of the Recipient unless the Board shall determine otherwise.

H. General Forfeiture Provisions. Restricted Stock Units which have not become Vested Stock Units as of the earliest of (i) December 31, 2022, (ii) except as provided in Items B through F of this Vesting Schedule, as of the Recipient's cessation of services as an employee, director, or consultant of the Company and all Affiliates, or (iii) the date provided in Item F, shall be forfeited, and once a forfeiture occurs no provision of this Vesting Schedule shall be construed to reinstate the forfeiture. The forfeitures and compensation recoveries provided for in this Agreement in connection with any breach during the Applicable Period by a Recipient of the Restrictive Provisions or the Intellectual Property Agreement shall not be the Company's sole remedy, and nothing in this Agreement limits the Company's right to seek damages, injunctive relief or other legal or equitable relief in case of any such breach; provided, however, if the Recipient is not a party to an employment agreement with the Company or an Affiliate as of the date of termination of employment and the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to a Qualifying Termination or Retirement, the Company's sole remedy with respect to a breach by the Recipient during the Applicable Period of the Non-Competition Provisions will be the forfeiture provided in Item B or Item C, as applicable, of this Vesting Schedule; provided further, such limitation to the Company's remedies shall not apply to the Recipient's breach during the Applicable Period of the Non-Solicitation Provisions or the Intellectual Property Agreement.

I. Fractional Units. If any calculation in this Vesting Schedule results in a fractional number of Vested Stock Units, the number of Vested Stock Units shall be rounded to the closest whole number.

FORM OF
TIME-BASED PROFITS INTEREST UNITS AGREEMENT
PURSUANT TO
THE OMEGA HEALTHCARE INVESTORS, INC. 2018 STOCK INCENTIVE PLAN

THIS AGREEMENT (this "**Agreement**") is made as of the Grant Date, by and between OHI Healthcare Properties Limited Partnership (the "**Partnership**"), a limited partnership controlled by, and an Affiliate (as defined below) of, Omega Healthcare Investors, Inc. (Omega Healthcare Investors, Inc. is hereafter referred to as the "**Company**") and «Recipient» (the "**Recipient**").

Upon and subject to this Agreement (including the Terms and Conditions and the Exhibits which are attached hereto and incorporated herein as part of this Agreement) and the Limited Partnership Agreement (as defined herein), the Partnership hereby awards as of the Grant Date to the Recipient the number of Profits Interest Units set forth below (the "**Profits Interest Units Grant**" or the "**Award**"). Underlined and capitalized captions in Items A through G below shall have the meanings therein ascribed to them. Other capitalized terms used in this Agreement are defined in Section 16 of the Terms and Conditions. Capitalized terms that are used but not defined in this Agreement shall have the meaning ascribed to them in the "Plan" (as defined below).

A. Grant Date: January 1, 2020.

B. Plan: (under which Profits Interest Units Grant is granted): Omega Healthcare Investors, Inc. 2018 Stock Incentive Plan.

C. Profits Interest Units: «Profits_Interest_Units» Profits Interest Units. "**Profits Interest Units**" has the same meaning as "**LTIP Units**" as defined in the Limited Partnership Agreement, and each Profits Interest Unit represents, on the Grant Date, one "**Unvested Profits Interest Unit**," which is one "**Unvested LTIP Unit**" as defined in and pursuant to the Limited Partnership Agreement, subject to adjustment as provided in the attached Terms and Conditions, and also represents the Partnership's unsecured obligation to issue to the Recipient distributions described in Item E below.

D. Vesting Schedule: The Recipient shall become vested in a number of Profits Interest Units as and when determined pursuant to Exhibit 1. The Profits Interest Units which have become vested pursuant to the Vesting Schedule are herein referred to as the "**Vested Profits Interest Units.**"

E. Distributions: The "**LTIP Unit Distributions Participation Date**" attributable to Profits Interest Units as defined in and pursuant to Section 15.4 of the Limited Partnership Agreement shall be January 1, 2020, and as a result, with respect to distributions and allocations of Net Income and Net Loss that accrue on and after January 1, 2020, the Recipient shall receive with respect to each Unvested Profits Interest Unit and each Vested Profits Interest Unit the same distributions and allocations of Net Income and Net Loss pursuant to the Limited Partnership Agreement that are paid to each "LP Unit" as defined therein.

F. Non-Competition Provisions: The Recipient acknowledges that if the Recipient is subject to any provisions then in effect in the employment agreement between the Recipient and the Company or an Affiliate that limit the ability of the Recipient to enter into competition with the Company or its Affiliates or to work for a business which is in a similar business to that of the Company or of an Affiliate, the Recipient will abide by such provisions. Further, the Recipient agrees that if there is no such employment agreement or there are no such provisions in the employment agreement, during the Applicable Period, the Recipient will not (except on behalf of or with the prior written consent of the Company, which consent may be withheld in Company's sole discretion), within the Area, on the Recipient's own behalf, or in the service of or on behalf of others, and whether as an employee, a consultant or otherwise, provide managerial services or management consulting services substantially similar to those the Recipient provides for the Company or an Affiliate to any Competing Business. As of the Grant Date, the Recipient acknowledges and agrees that the Recipient provides services to the Company throughout the Area.

G. Non-Solicitation Provisions: The Recipient acknowledges that if the Recipient is subject to any provisions then in effect in the employment agreement between the Recipient and the Company or an Affiliate that limit the ability of the Recipient to solicit clients or employees of the Company or its Affiliates, the Recipient will abide by such provisions. Further, the Recipient agrees that if there is no such employment agreement or there are no such provisions in the employment agreement, during the Applicable Period, the Recipient will not, on the Recipient's own behalf or in the service of or on behalf of others:

(i) solicit any individual or entity which is an actual client of the Company or any of its Affiliates as of the Determination Date with whom the Recipient had direct material contact while the Recipient was an employee of the Company or an Affiliate, for the purpose of offering services substantially similar to those offered by the Company or an Affiliate, or

(ii) solicit for employment with a Competing Business any person who is a management level employee of the Company or an Affiliate with whom the Recipient had contact during the then most recent year of the Recipient's employment with the Company or an Affiliate.

The Recipient shall not be deemed to be in breach of Item G(ii) solely because an employer for whom the Recipient performs services solicits, diverts, or hires a management level employee of the Company or an Affiliate, provided that the Recipient does not engage in the activity proscribed by Item G(ii).

H. Acknowledgement: The Recipient acknowledges and agrees that the Recipient's agreement to and compliance with the provisions of this Agreement, including without limitation Item F and Item G above, are conditions to the effectiveness of the grant of the Award, and further acknowledges and agrees that the Recipient's noncompliance with Item F or Item G above can result in a forfeiture and/or recovery of all or part of the Award to the extent provided in the Vesting Schedule. The Recipient also acknowledges and agrees that the forfeitures and compensation recoveries provided for in this Agreement in connection with any breach during the Applicable Period by the Recipient of the Restrictive Provisions or the Intellectual Property Agreement shall not be the Company's sole remedy, and nothing in this Agreement limits the Company's right to seek damages, injunctive relief or other legal or equitable relief in case of any breach during the Applicable Period by the Recipient of the Restrictive Provisions or the Intellectual Property Agreement, except to the extent provided otherwise in the last paragraph of the Vesting Schedule. In the event that any provision of this Agreement is determined by a court which has jurisdiction to be unenforceable in part or in whole, the court shall be deemed to have the authority to strike or sever any unenforceable provision, or any part thereof or to revise any provision to the minimum extent necessary to render the provision reasonable and then to enforce the provision to the maximum extent permitted by law.

IN WITNESS WHEREOF, the Partnership and the Recipient have executed and agree to be bound by this Agreement as of the Grant Date set forth above.

OHI HEALTHCARE PROPERTIES LIMITED PARTNERSHIP

By:

Title:

THE RECIPIENT

By: ______________________________________

Name: «Recipient»

TERMS AND CONDITIONS TO THE TIME-BASED PROFITS INTEREST UNITS AGREEMENT PURSUANT TO THE OMEGA HEALTHCARE INVESTORS, INC. 2018 STOCK INCENTIVE PLAN

1. Conditions to Grant of Profits Interest Units. As a condition of receiving the grant of Profits Interest Units hereunder, the Recipient must (a) execute the representations and warranties set forth on Exhibit 2 attached hereto, and deliver them to the Partnership within ten (10) days of the Grant Date, and (b) file with the IRS within thirty (30) days of the Grant Date, a valid election under Code Section 83(b), in substantially the form of Exhibit 3 attached hereto, as to all of the Profits Interest Units. The Recipient must also deliver to the Partnership, within thirty (30) days after the Grant Date, a copy of such election. Failure to comply with the requirements of this Section shall result in the forfeiture of all the Profits Interest Units and the cancellation of this Agreement.

2. Issuance of Profits Interest Units. The Partnership shall record in the name of the Recipient the number of Profits Interest Units ("LTIP Units," as defined in the Limited Partnership Agreement) awarded as of the Grant Date. The Partnership and the Recipient acknowledge and agree that the Profits Interest Units are hereby issued to the Recipient for the performance of services to or for the benefit of the Partnership and its Affiliates. If the Recipient is not already a partner of the Partnership pursuant to the Limited Partnership Agreement (defined therein as a "**Partner**"), the Partnership admits the Recipient as an "**LTIP Unit Limited Partner**" (as defined therein) and a Partner on the terms and conditions in this Agreement, the Plan and the Limited Partnership Agreement. Upon execution of this Agreement, the Recipient shall, automatically and without further action on the Recipient's part, be deemed to be a signatory of and bound by the Limited Partnership Agreement. At the request of the Partnership, the Recipient shall execute the Limited Partnership Agreement or a counterpart signature page thereto.

3. Rights as a Unitholder. The Profits Interest Units shall be treated as a "profits interest" within the meaning of Revenue Procedure 93-27, and the Recipient shall be treated as having received the interest on the Grant Date as contemplated under Section 4 of Revenue Procedure 2001-43. As the owner of the Profits Interest Units for income tax purposes, the Recipient shall take into account the Recipient's distributive share of income, gain, loss, deduction and credit associated with the Profits Interest Units as determined in accordance with the terms of the Limited Partnership Agreement and this Agreement.

4. Restrictions on Transfer. The Recipient shall not sell, pledge, assign, transfer or hypothecate, or otherwise dispose of any Profits Interest Units, whether outright or as security, with or without consideration, voluntary or involuntary, of all or any part of any right, title or interest in or to the Profits Interest Units, except as otherwise provided in the Limited Partnership Agreement. Any disposition not made in accordance with this Agreement shall be deemed null and void. Any permitted transferee under this Section shall be bound by the terms of this Agreement and the Limited Partnership Agreement.

5. Tax Withholding. If and only if tax withholding applies with respect to the grant, vesting, ownership or disposition of Profits Interest Units, the Company or an Affiliate may

withhold from the Recipient's wages, or require the Recipient to remit to the Partnership, the Company or an Affiliate, any applicable required tax withholding.

6. Change in Capitalization.

(a) The number and kind of units issuable under this Agreement shall be proportionately adjusted for any non-reciprocal transaction between the Partnership and the holders of partnership interests of the Partnership that causes the per unit value of the Profits Interest Units subject to the Award to change, such as a unit dividend, unit split, spinoff or rights offering (each an " **Equity Restructuring**"). No fractional shares shall be issued in making such adjustment.

(b) In the event of a merger, consolidation, reorganization, extraordinary dividend, spin-off, sale of substantially all of the Partnership's assets, other change in capital structure of the Partnership, tender offer for Profits Interest Units ("LTIP Units," as defined in the Limited Partnership Agreement), or a Change in Control, that in each case does not constitute an Equity Restructuring, the Committee shall take such action to make such adjustments with respect to the Profits Interest Units as the Committee, in its sole discretion, determines in good faith is necessary or appropriate and as is permitted by the Plan, including, without limitation, adjusting the number and class of units subject to the Award, substituting other securities, property or cash to replace the Award, all as determined in good faith by the Committee to have equivalent value to the Award, removing restrictions on the Award, or terminating the Award in exchange for the cash value determined in good faith by the Committee. Any adjustment pursuant to this Section may provide, in the Committee's discretion, for the elimination without payment of any fractional units that might otherwise be subject to the Award, but except as set forth in this Subsection and the Plan may not otherwise diminish the then value of the Award.

(c) All determinations and adjustments made by the Committee pursuant to this Section will be final and binding on the Recipient. Any action taken by the Committee need not treat all recipients of awards under the Plan equally.

(d) The existence of the Plan and the Profits Interest Unit Grant shall not affect the right or power of the Partnership to make or authorize any adjustment, reclassification, reorganization or other change in its capital or business structure, any merger or consolidation of the Partnership, any issue of debt or equity securities having preferences or priorities as to the Profits Interest Units or the rights thereof, the dissolution or liquidation of the Partnership, any sale or transfer of all or part of its business or assets, or any other corporate act or proceeding.

7. Governing Laws. This Award shall be construed, administered and enforced according to the laws of the State of Maryland; provided, however, no Profits Interest Units shall be issued except, in the reasonable judgment of the Committee, in compliance with exemptions under applicable state securities laws of the state in which Recipient resides, and/or any other applicable securities laws.

8. Successors. This Agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, successors, and permitted assigns of the parties.

9. Notice. Except as otherwise specified herein, all notices and other communications under this Agreement shall be in writing and shall be deemed to have been given if personally delivered or if sent by registered or certified United States mail, return receipt requested, postage prepaid, addressed to the proposed recipient at the last known address of the Recipient. Any party may designate any other address to which notices shall be sent by giving notice of the address to the other parties in the same manner as provided herein.

10. Severability. In the event that any one or more of the provisions or portion thereof contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, the same shall not invalidate or otherwise affect any other provisions of this Agreement, and this Agreement shall be construed as if the invalid, illegal or unenforceable provision or portion thereof had never been contained herein.

11. Entire Agreement. This Agreement and the Limited Partnership Agreement, together with the terms and conditions set forth in the Plan, express the entire understanding and agreement of the parties with respect to the subject matter. In the event of a conflict between the terms of the Plan or the Limited Partnership Agreement and this Agreement, the Plan and the Limited Partnership Agreement shall govern.

12. Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the party or parties who are thereby aggrieved shall have the right to specific performance and injunction in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative.

13. No Right to Continued Retention. Neither the establishment of the Plan nor the Award shall be construed as giving Recipient the right to continued service with the Company or an Affiliate.

14. Tax Effects under 409A. It is intended that the Award under this Agreement be exempt from Section 409A of the Internal Revenue Code (the "**Code**") as a current grant of a profits interest as provided in Section 3 hereof.

15. Headings. Except as otherwise provided in this Agreement, headings used herein are for convenience of reference only and shall not be considered in construing this Agreement.

16. Definitions. As used in this Agreement:

"**Affiliate**" means any person, firm, corporation, partnership, association or entity that, directly or indirectly or through one or more intermediaries, controls, is controlled by or is under common control with the Company.

"**Applicable Period**" means:

(a) as to the Restrictive Provisions,

(i) the period of time that the Restrictive Provisions are in effect in accordance with the terms of the employment agreement then in effect between the Recipient and the Company or an Affiliate, or

(ii) if there is no such employment agreement or there are no such provisions in the employment agreement, the period of the Recipient's employment with the Company or an Affiliate, and with respect to the Non-Solicitation Provisions, twelve (12) months thereafter, and with respect to the Non-Competition Provisions, six (6) months thereafter; and

(b) as to the Intellectual Property Agreement, the period of time that any breach of such agreement would be actionable by the Company or an Affiliate pursuant to the terms of such agreement.

"**Area**" means the states, areas and countries in which the Company or any of its Affiliates owns, acquires, develops, invests in, leases, finances the ownership of, or finances the operation of any skilled nursing facilities, senior housing, long-term care facilities, assisted living facilities, or other residential healthcare-related real estate.

"**Board**" means the Board of Directors of the Company.

"**Business of the Company**" means any business with the primary purpose of leasing assets to healthcare operators, or financing the ownership of or financing the operation of skilled nursing facilities, senior housing, long-term care facilities, assisted living facilities, or other residential healthcare-related real estate.

"**Cause**" shall have the meaning set forth in the employment agreement then in effect between the Recipient and the Company or an Affiliate, or, if there is none, then Cause shall mean the occurrence of any of the following events:

(a) willful refusal by the Recipient to follow a lawful direction of any person to whom the Recipient reports or the Chief Executive Officer of the Company, provided the direction is not materially inconsistent with the duties or responsibilities of the Recipient's position with the Company or an Affiliate, which refusal continues after such person or the Chief Executive Officer of the Company has again given the direction in writing;

(b) willful misconduct or reckless disregard by the Recipient of the Recipient's duties or with respect to the interest or material property of the Company or an Affiliate;

(c) material breach by the Recipient of any of the Restrictive Provisions;

(d) material breach by the Recipient of any provision of the Intellectual Property Agreement;

(e) any act by the Recipient of fraud against, material misappropriation from or significant dishonesty to either the Company or an Affiliate, or any other party, but in the latter case only if in the reasonable opinion of the Chief Executive Officer of the Company, such fraud, material misappropriation, or significant dishonesty could reasonably be expected to have a material adverse impact on the Company or its Affiliates; or

(f) commission by the Recipient of a felony as reasonably determined by the Chief Executive Officer of the Company.

"**Change in Control**" means any one of the following events which occurs following the Grant Date:

(a) the acquisition within a twelve (12) month period, directly or indirectly, by any "person" or "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than the Company or any employee benefit plan of the Company or an Affiliate, or any corporation or other entity pursuant to a reorganization, merger or consolidation, of equity securities of the Company that in the aggregate represent thirty percent (30%) or more of the total voting power of the Company's then outstanding equity securities;

(b) the acquisition, directly or indirectly, by any "person" or "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than the Company or any employee benefit plan of the Company or an Affiliate, or any corporation or other entity pursuant to a reorganization, merger or consolidation of equity securities of the Company, resulting in such person or persons holding equity securities of the Company that, together with equity securities already held by such person or persons, in the aggregate represent more than fifty percent (50%) of the total fair market value or total voting power of the Company's then outstanding equity securities;

(c) individuals who as of the date hereof, constitute the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board;

(d) a reorganization, merger or consolidation, with respect to which persons who were the holders of equity securities of the Company immediately prior to such reorganization, merger or consolidation, immediately thereafter, own equity securities of the surviving entity representing less than fifty percent (50%) of the combined ordinary voting power of the then outstanding voting securities of the surviving entity; or

(e) the acquisition within a twelve (12) month period, directly or indirectly, by any "person" or "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than any corporation or other entity pursuant to a reorganization, merger or consolidation, of assets of the Company that have a total gross fair market value equal to or more than eighty-five percent (85%) of the total gross fair market value of all of the assets of the Company immediately before such acquisition.

Notwithstanding the foregoing, no Change in Control shall be deemed to have occurred for purposes of this Agreement (i) unless the event also constitutes a “change in the ownership or effective control of the corporation or in the ownership of a substantial portion of the assets of the corporation” within the meaning of Code Section 409A(a)(2)(v), or (ii) by reason of any actions or events in which the Recipient participates in a capacity other than in his capacity as an officer, employee, or director of the Company or an Affiliate.

“**Competing Business**” means any person, firm, corporation, joint venture, or other business that is engaged in the Business of the Company.

“**Determination Date**” means with respect to determining compliance with a covenant of this Agreement (a) while the Recipient remains employed by the Company or an Affiliate, the date as of which compliance is being determined, and (b) after the Recipient’s termination of employment, the date of the Recipient’s termination of employment.

“**Good Reason**” shall have the meaning set forth in the employment agreement then in effect between the Recipient and the Company or an Affiliate, or, if there is none, then Good Reason shall mean the occurrence of an event listed in (a) through (c) below:

(a) the Recipient experiences a material diminution of the Recipient’s responsibilities of the Recipient’s position, as reasonably modified by any person to whom the Recipient reports or the Chief Executive Officer of the Company from time to time, such that the Recipient would no longer have responsibilities substantially equivalent to those of other employees holding equivalent positions at companies with similar revenues and market capitalization;

(b) the Company or the Affiliate which employs the Recipient reduces the Recipient’s annual base salary or annual bonus opportunity at high, target or threshold performance as a percentage of annual base salary; or

(c) the Company or the Affiliate which employs the Recipient requires the Recipient to relocate the Recipient’s primary place of employment to a new location that is more than fifty (50) miles from its current location (determined using the most direct driving route), without the Recipient’s consent;

provided however, as to each event in Subsection (a) through (c),

(i) the Recipient gives written notice to the Company within ten (10) days following the event or receipt of notice of the event of the Recipient’s objection to the event;

(ii) the Company or the Affiliate which employs the Recipient fails to remedy the event within ten (10) days following the Recipient’s written notice; and

(iii) the Recipient terminates his employment within thirty (30) days following the Company’s and the Affiliate’s failure to remedy the event.

“**Intellectual Property Agreement**” means that certain agreement entitled “Intellectual Property Agreement” previously entered into between the Company and the Recipient.

“**Limited Partnership Agreement**” means the Second Amended and Restated Agreement of OHI Healthcare Properties Limited Partnership, dated as of April 1, 2015, as it may be amended or any successor agreement thereto.

“**Non-Competition Provisions**” means the provisions under the title “Non-Competition Provisions” heading in Item F above of this Agreement.

“**Non-Solicitation Provisions**” means the provisions under the title “Non-Solicitation Provisions” heading in Item G above of this Agreement.

“**Restrictive Provisions**” means the Non-Competition Provisions and the Non-Solicitation Provisions.

“**Retirement**” means voluntary resignation by a Recipient after having reached at least age sixty-two (62) and having performed at least ten (10) years of service with the Company, any subsidiary and/or any company that is acquired directly or indirectly by the Company. In addition, a Recipient must give at least six (6) months prior written notice of resignation for such voluntary resignation to qualify as “Retirement.” The Recipient may give the required notice before satisfying the age and service requirements for Retirement, provided the Recipient satisfies the age and service requirements as of the effective date of Retirement.

EXHIBIT 1

VESTING SCHEDULE

A. Active Employee. Except as provided in the remainder of this Vesting Schedule, the Profits Interest Units shall become Vested Profits Interest Units in accordance with the following schedule:

Date	Percentage of Profits Interest Units which are Vested Profits Interest Units
December 31, 2022	100%

; provided the Recipient must remain an employee, director or consultant of the Company or an Affiliate through the indicated date set forth above to vest in accordance with the schedule above; provided further, if during the Applicable Period and while the Recipient remains an employee, director or consultant of the Company or an Affiliate, the Recipient breaches the Restrictive Provisions or the Intellectual Property Agreement, the Board is permitted to require the Recipient to return to the Company any Profits Interest Units which vested within one year before the breach, or if such Profits Interest Units had been sold in an arm's length transaction or redeemed by the Recipient, the proceeds of such sale or redemption as determined by the Board. The amount of the recovery shall be determined without regard to any taxes paid by or withheld from the wages of the Recipient unless the Board shall determine otherwise. Any subsequent provision of this Vesting Schedule providing for vesting in the specified circumstances shall not override the compensation recovery provisions of this Item A.

B. Disability, Good Reason or without Cause Termination Except as provided in Item F below, if, in the year set forth in the following schedule, the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to the Recipient's Disability, the Recipient's resignation from the Company and all Affiliates for Good Reason, or the termination of the Recipient's employment by the Company and its Affiliates without Cause (each such event referred to as a "**Qualifying Termination**"), then the percentage of the Profits Interest Units in the following schedule (rounded to the closest whole number of Profits Interest Units) shall become Vested Profits Interest Units as of the earlier of December 31, 2022 or the date of a Change in Control (the "**Applicable Post-Termination Vesting Date**"):

Year of Qualifying Termination	Percentage of Profits Interest Units which are Vested Profits Interest Units
2020	$33^{1}/_{3}$%
2021	$66^{2}/_{3}$%
2022	100%

; provided however, that such vesting shall not occur if before the earlier of the Applicable Post-Termination Vesting Date or the end of the Applicable Period, the Recipient breaches any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Profits Interest Units shall be immediately forfeited as of the date of such breach.

C. Retirement. Except as provided in Item F below, if the Recipient ceases services as an employee of the Company and all Affiliates due to Retirement in the year set forth in the following schedule, then the percentage of the Profits Interest Units in the following schedule (rounded to the closest whole number of Profits Interest Units) shall become Vested Profits Interest Units as of the Applicable Post-Termination Vesting Date:

Year of Retirement	Percentage of Profits Interest Units which are Vested Profits Interest Units
2020	0%
2021	100%
2022	100%

; provided however, that such vesting shall not occur if before the earlier of the Applicable Post-Termination Vesting Date or the end of the Applicable Period, the Recipient breaches any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Profits Interest Units shall be immediately forfeited as of the date of such breach.

D. Death after Qualifying Termination or Retirement. Except as provided in Item F below, if Item B or C of this Vesting Schedule applies and the Recipient thereafter dies before the date vesting occurs pursuant to Item B or C, then the vesting there provided shall be accelerated to the date of the Recipient's death; provided however, that such vesting shall not occur if during the Applicable Period and before the date of death, the Recipient breached any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Profits Interest Units shall be immediately forfeited as of the date of such breach.

E. Death while Employed. Except as provided in Item F below, if the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to the Recipient's death in the year set forth in the following schedule, then the percentage of the Profits Interest Units in the following schedule (rounded to the closest whole number of Profits Interest Units) shall become Vested Profits Interest Units as of the date of death:

Year of Death	Percentage of Profits Interest Units which are Vested Profits Interest Units
2020	33⅓%
2021	66⅔%
2022	100%

; provided however, that such vesting shall not occur if during the Applicable Period and before the date of death, the Recipient breached any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Restricted Stock Units shall be immediately forfeited as of the date of such breach.

F. Change in Control. Notwithstanding Items B through E of this Vesting Schedule, if a Change in Control occurs on or after the Grant Date and on or before December 31, 2022, and (i) within sixty (60) days before the Change in Control or (ii) after the Change in Control, the Recipient incurs a Qualifying Termination, ceases services as an employee of the Company and all Affiliates due to the Recipient's Retirement, or ceases services as an employee, director or consultant of the Company and all Affiliates due to the Recipient's death, then all Profits Interest Units which have not previously become Vested Profits Interest Units pursuant to any of Items B through E shall become Vested Profits Interest Units as of the later of the date of the Change in Control or the date of the Qualifying Termination, Retirement or death.

G. Voluntary Resignation or Cause Termination. Profits Interest Units which have not become Vested Profits Interest Units as of the Recipient's cessation of services as an employee, director, or consultant of the Company and all Affiliates, except as provided in Items B through F of this Vesting Schedule, shall be forfeited. Further, if (a) before a Change in Control, the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to (I) the Recipient's voluntary resignation without Good Reason (and not due to Disability or Retirement) or (II) the termination of the Recipient's employment by the Company and its Affiliates for Cause, and (b) during the Applicable Period, the Recipient breaches the Restrictive Provisions or the Intellectual Property Agreement, the Board is permitted to require the Recipient to return to the Company any Profits Interest Units that vested within one year before the Recipient's cessation of services, or if such Profits Interest Units had been sold in an arm's length transaction or redeemed by the Recipient, the proceeds of such sale or redemption as determined by the Board. The amount of the recovery shall be determined without regard to any taxes paid by or withheld from the wages of the Recipient unless the Board shall determine otherwise.

H. General Forfeiture Provisions. Profits Interest Units which have not become Vested Profits Interest Units as of the earliest of (i) December 31, 2022, (ii) except as provided in Items B through E of this Vesting Schedule, as of the Recipient's cessation of services as an employee, director, or consultant of the Company and all Affiliates, or (iii) the date provided in Item F, shall be forfeited, and once a forfeiture occurs no provision of this Vesting Schedule shall be construed to reinstate the forfeiture. The forfeitures and compensation recoveries provided for in this Agreement in connection with any breach during the Applicable Period by a Recipient of the Restrictive Provisions or the Intellectual Property Agreement shall not be the Company's sole remedy, and nothing in this Agreement limits the Company's right to seek damages, injunctive relief or other legal or equitable relief in case of any such breach; provided, however, if the Recipient is not a party to an employment agreement with the Company or an Affiliate as of the date of termination of employment and the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to a Qualifying Termination or Retirement, the Company's sole remedy with respect to a breach by the Recipient during the Applicable Period of the Non-Competition Provisions will be the forfeiture provided in Item B or Item C, as applicable, of this Vesting Schedule; provided further, such limitation to the Company's remedies shall not apply to the Recipient's breach during the Applicable Period of the Non-Solicitation Provisions or the Intellectual Property Agreement.

I. Fractional Units. If any calculation in this Vesting Schedule results in a fractional number of Vested Profits Interest Units, the number of Vested Profits Interest Units shall be rounded to the closest whole number.

EXHIBIT 2

REPRESENTATIONS AND WARRANTIES OF THE RECIPIENT

In connection with the grant of the Profits Interest Units pursuant to the Agreement, the Recipient hereby represents and warrants to the Partnership that:

1. The Recipient is acquiring the Profits Interest Units for the Recipient's own account with the present intention of holding the Profits Interest Units for investment purposes and not with a view to distribute or sell the Profits Interest Units, except in compliance with federal securities laws or applicable securities laws of other jurisdictions;

2. The Recipient acknowledges that the Profits Interest Units have not been registered under the Securities Act of 1933 (the " **1933 Act**") or applicable securities laws of other jurisdictions and that the Profits Interest Units will be issued to the Recipient in reliance on exemptions from the registration requirements provided by Sections 3(b) or 4(2) of the 1933 Act and the rules and regulations promulgated thereunder and applicable securities laws of other jurisdictions and in reliance on the Recipient's representations and agreements contained herein;

3. The Recipient is an employee of the Partnership or an Affiliate;

4. The Recipient acknowledges that the Profits Interest Units are subject to the restrictions contained in the Limited Partnership Agreement, and the Recipient has received and reviewed a copy of the Limited Partnership Agreement;

5. The Recipient has had the opportunity to ask questions of and receive answers from the Partnership and any person acting on its behalf concerning the terms and conditions of the Profits Interest Units awarded hereunder and has had full access to such other information concerning the Partnership and its Affiliates as the Recipient may have requested in making the Recipient's decision to invest in the Profits Interest Units being issued hereunder;

6. The Recipient has such knowledge and experience in financial and business matters that the Recipient is capable of evaluating the merits and risks of the acquisition of the Profits Interest Units hereunder and the Recipient is able to bear the economic risk, if any, of such acquisition;

7. The Recipient has only relied on the advice of, or has consulted with, the Recipient's own legal, financial and tax advisors, and the determination of the Recipient to acquire the Profits Interest Units pursuant to this Agreement has been made by the Recipient independent of any statements or opinions as to the advisability of such acquisition or as to the properties, business, prospects or condition (financial or otherwise) of the Partnership or its Affiliates which may have been made or given by any other person or by any agent or employee of such person and independent of the fact that any other person has decided to become a holder of Profits Interest Units;

8. None of the Partnership or any of its Affiliates has made any representation or agreement to the Recipient with respect to the income tax consequences of the issuance, ownership or vesting of Profits Interest Units or the transactions contemplated by this Agreement (including without limitation the making of an election under Code Section 83(b)), and the Recipient is in no manner relying on the Partnership or any Affiliate or their representatives for an assessment of tax consequences to the Recipient. The Recipient is advised to consult with the Recipient's own tax advisor with respect to the tax consequences;

9. The Recipient is not acquiring the Profits Interest Units as a result of, or subsequent to, any publicly disseminated advertisement, article, sales literature, publication, broadcast or any public seminar or meeting or any solicitation nor is the Recipient aware of any offers made to other persons by such means;

10. The Recipient understands and agrees that if certificates representing the Profits Interest Units are issued, such certificates may bear such restrictive legends as the Partnership or its legal counsel may deem necessary or advisable under applicable law or pursuant to this Agreement;

11. The Profits Interest Units cannot be offered for sale, sold or transferred by the Recipient other than pursuant to: (i) an effective registration under the 1933 Act or in a transaction otherwise in compliance with the 1933 Act; and (ii) evidence satisfactory to the Partnership of compliance with the applicable securities laws of other jurisdictions. The Partnership shall be entitled to rely upon an opinion of counsel satisfactory to it with respect to compliance with the above laws;

12. The Partnership shall be under no obligation to register the Profits Interest Units or to comply with any exemption available for sale of the Profits Interest Units without registration or filing;

13.The Recipient represents that the Recipient is an "accredited investor" as that term is defined in Rule 501 of Regulation D of the 33 Act; specifically, either (a) the Recipient is an executive officer of the Partnership or of Omega Healthcare Investors, the general partner of the Partnership, or (b) the Recipient has (i) had an individual income in excess of $200,000 in each of the two most recent years or joint income with the Recipient's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year, or (ii) the Recipient's net worth or joint net worth with the Recipient's spouse (excluding the value of the Recipient's primary residence), exceeds $1,000,000; and

14. The Recipient agrees to furnish any additional information requested to assure compliance with applicable securities laws in connection with the issuance or holding of Profits Interest Units. The Recipient acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with applicable federal and state laws. Notwithstanding anything to the contrary herein, the Plan shall be administered and the grant of Profits Interest Units is made only in such manner as to conform to such laws. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such

laws. By execution below, the Recipient acknowledges that the Recipient has received a copy of the Agreement, the Limited Partnership Agreement and the Plan.

RECIPIENT

Signature	Date	Name

<u>**EXHIBIT 3**</u>
SECTION 83(b) ELECTION

The undersigned hereby elects to be taxed pursuant to Section 83(b) of the Internal Revenue Code of 1986 (the "Code") with respect to the property described below and supplies the following information in accordance with the regulations promulgated thereunder:

1. **The name, address and taxpayer identification number of the undersigned is:**

   «Recipient»

   ____

   ____

   Taxpayer I.D. No.: __________________________

2. **Description of property with respect to which the election is being made:**

   «Profits_Interest_Units» Profits Interest Units of OHI Healthcare Properties Limited Partnership (the "**Profits Interest Units**," defined in the OHI Healthcare Properties Limited Partnership as "LTIP Units").

3. **The date on which the property was transferred:**

   The Profits Interest Units were transferred on January 1, 2020.

4. **The taxable year to which this election relates is calendar year 2020.**

5. **The nature of the restriction(s) to which the property is subject is:**

   The Profits Interest Units shall vest in increments on specified vesting dates or upon certain vesting events subsequent to the property transfer date, provided that the taxpayer continues to perform services for OHI Healthcare Properties Limited Partnership (the "**Partnership**") or an affiliate. In the event the taxpayer ceases to perform services for the Partnership and its affiliates under certain circumstances prior to the final vesting date, any unvested Profits Interest Units shall be forfeited back to the Partnership.

6. **Fair Market Value:**

   Because the Profits Interest Units constitute a profits interest, the grant of the interest is not taxable under Code Section 83 pursuant to Revenue Procedure 93-27 and Revenue Procedure 2001-43. Therefore, the taxpayer is reporting that the fair market value at the time of transfer (determined without regard to any restrictions other than restrictions which by their terms will never lapse) of the property with respect to which this election is being made as $0 per Profits Interest Unit.

7. **Amount paid for property:**

   The taxpayer did not pay for the Profits Interest Units.

8. **Furnishing statement to the person for whom services are performed:**

   A copy of this statement has been furnished to the Partnership.

By: Date: January __, 2020

FORM OF
TSR-BASED PERFORMANCE RESTRICTED STOCK UNITS AGREEMENT
PURSUANT TO
THE OMEGA HEALTHCARE INVESTORS, INC. 2018 STOCK INCENTIVE PLAN

THIS AGREEMENT (this "**Agreement**") is made as of the Grant Date, by and between Omega Healthcare Investors, Inc. (the "**Company**") and «Recipient» (the "**Recipient**").

Upon and subject to this Agreement (including the Terms and Conditions and the Exhibit which are attached hereto and incorporated herein as part of this Agreement) the Company hereby awards as of the Grant Date to the Recipient the opportunity to earn and vest in Restricted Stock Units (the "**Restricted Stock Units Grant**" or the "**Award**"). Underlined and capitalized captions in Items A through I below shall have the meanings therein ascribed to them. Other capitalized terms used in this Agreement are defined in Section 15 of the Terms and Conditions. Capitalized terms that are used but not defined in this Agreement shall have the meaning ascribed to them in the "Plan" (as defined below).

A. Grant Date: January 1, 2020.

B. Plan (under which Restricted Stock Units Grant is granted): Omega Healthcare Investors, Inc. 2018 Stock Incentive Plan.

C. Restricted Stock Units: The Recipient shall have an opportunity to earn and vest in a maximum of «Restricted_Stock_Units» Restricted Stock Units, each of which represents the contingent right of the Recipient to earn and vest in up to the same number of shares of the Company's common stock ("**Common Stock**"), subject to adjustment as provided in the Terms and Conditions.

D. Vesting Schedule: The Restricted Stock Units shall be earned and vest according to Exhibit 1 (the "**Vesting Schedule**"). The Restricted Stock Units which have become vested pursuant to the Vesting Schedule are herein referred to as the "**Vested Stock Units**." Each Vested Stock Unit represents the Company's unsecured obligation to issue one share of Common Stock.

E. Distribution Date of Vested Shares. Shares of Common Stock attributable to Vested Stock Units ("**Vested Shares**") shall be issued and distributed within (10) business days following each vesting event or upon the date of a Change in Control, whichever is earlier, subject in either case to receipt from the Recipient of the required tax withholding and Section 13 of the Terms and Conditions. Notwithstanding the foregoing, distribution shall be deferred to the extent provided in any deferral agreement between the Recipient and the Company as a result of the Recipient's valid deferral election.

F. Dividend Equivalents. Each Restricted Stock Unit shall accrue Dividend Equivalents, an amount equal to the dividends paid on one share of Common Stock to a shareholder of record on or after January 1, 2020 and until the date that the shares of Common Stock attributable to the Vested Stock Units are issued or the Restricted Stock Units are forfeited.

G. Distribution Dates of Dividend Equivalents. Subject to tax withholding up to the maximum statutory rates, accrued Dividend Equivalents attributable to Restricted Stock Units which become Earned Unvested Restricted Units (as defined in Exhibit 1) shall be distributed to the Recipient within twenty (20) business days following the last day of the Performance Period, and thereafter, future Dividend Equivalents on Earned Unvested Restricted Units and Vested Stock Units shall be distributed to Recipient on the same date on the same date that the related dividends are paid to shareholders of record. Notwithstanding the foregoing or any other provision hereof, distribution of Dividend Equivalents shall be deferred to the extent provided in any deferral agreement between the Recipient and the Company as a result of the Recipient's valid deferral election and shall be paid in the form provided in such agreement. Dividend Equivalents on Restricted Stock Units which do not become Earned Unvested Restricted Units are forfeited.

H. Non-Competition Provisions: The Recipient acknowledges that if the Recipient is subject to any provisions then in effect in the employment agreement between the Recipient and the Company or an Affiliate that limit the ability of the Recipient to enter into competition with the Company or its Affiliates or to work for a business which is in a similar business to that of the Company or of an Affiliate, the Recipient will abide by such provisions. Further, the Recipient agrees that if there is no such employment agreement or there are no such provisions in the employment agreement, during the Applicable Period, the Recipient will not (except on behalf of or with the prior written consent of the Company, which consent may be withheld in Company's sole discretion), within the Area, on the Recipient's own behalf, or in the service of or on behalf of others, and whether as an employee, a consultant or otherwise, provide managerial services or management consulting services substantially similar to those the Recipient provides for the Company or an Affiliate to any Competing Business. As of the Grant Date, the Recipient acknowledges and agrees that the Recipient provides services to the Company throughout the Area.

I. Non-Solicitation Provisions: The Recipient acknowledges that if the Recipient is subject to any provisions then in effect in the employment agreement between the Recipient and the Company or an Affiliate that limit the ability of the Recipient to solicit clients or employees of the Company or its Affiliates, the Recipient will abide by such provisions. Further, the Recipient agrees that if there is no such employment agreement or there are no such provisions in the employment agreement, during the Applicable Period, the Recipient will not, on the Recipient's own behalf or in the service of or on behalf of others:

(i) solicit any individual or entity which is an actual client of the Company or any of its Affiliates as of the Determination Date with whom the Recipient had direct material contact while the Recipient was an employee of the Company or an Affiliate, for the purpose of offering services substantially similar to those offered by the Company or an Affiliate, or

(ii) solicit for employment with a Competing Business any person who is a management level employee of the Company or an Affiliate with whom the Recipient had contact during the then most recent year of the Recipient's employment with the Company or an Affiliate.

The Recipient shall not be deemed to be in breach of Item I(ii) solely because an employer for whom the Recipient performs services solicits, diverts, or hires a management level employee of the Company or an Affiliate, provided that the Recipient does not engage in the activity proscribed by Item I(ii).

J. Acknowledgement: The Recipient acknowledges and agrees that the Recipient's agreement to and compliance with the provisions of this Agreement, including without limitation Item H and Item I above, are conditions to the effectiveness of the grant of the Award, and further acknowledges and agrees that the Recipient's noncompliance with Item H or Item I above can result in a forfeiture and/or recovery of all or part of the Award to the extent provided in the Vesting Schedule. The Recipient also acknowledges and agrees that the forfeitures and compensation recoveries provided for in this Agreement in connection with any breach during the Applicable Period by the Recipient of the Restrictive Provisions or the Intellectual Property Agreement shall not be the Company's sole remedy, and nothing in this Agreement limits the Company's right to seek damages, injunctive relief or other legal or equitable relief in case of any breach during the Applicable Period by the Recipient of the Restrictive Provisions or the Intellectual Property Agreement, except to the extent provided otherwise in the last paragraph of the Vesting Schedule. In the event that any provision of this Agreement is determined by a court which has jurisdiction to be unenforceable in part or in whole, the court shall be deemed to have the authority to strike or sever any unenforceable provision, or any part thereof or to revise any provision to the minimum extent necessary to render the provision reasonable and then to enforce the provision to the maximum extent permitted by law.

IN WITNESS WHEREOF, the Company and the Recipient have executed and agree to be bound by this Agreement as of the Grant Date set forth above.

OMEGA HEALTHCARE INVESTORS, INC.

By:

Title:

THE RECIPIENT

By:

Name: «Recipient»

TERMS AND CONDITIONS TO THE

TSR-BASED PERFORMANCE RESTRICTED STOCK UNITS AGREEMENT

PURSUANT TO

THE OMEGA HEALTHCARE INVESTORS, INC. 2018 STOCK INCENTIVE PLAN

1. Vested Stock Units. The Company shall issue in book-entry form in the name of the Recipient, or issue and deliver to the Recipient a share certificate representing, the Vested Shares on the Distribution Date of Vested Shares.

2. Tax Withholding, Dividends Equivalents. Payment of Dividend Equivalents is subject to required tax withholding.

3. Tax Withholding, Shares.

(a) The minimum required amount of the tax withholding obligations imposed on the Company, or at the Company's discretion if tax withholding is required, tax withholding up to the maximum statutory rates, by reason of the issuance of the Vested Shares shall be satisfied by reducing the actual number of Vested Shares by the number of whole shares of Common Stock which, when multiplied by the Fair Market Value of the Common Stock on the Distribution Date of Vested Shares, is sufficient, together with cash in lieu of any fractional share, to satisfy such tax withholding, assuming that (i) the Recipient does not make a valid election to satisfy tax withholding in cash pursuant to Subsection (b), and (ii) the Committee does not determine that tax withholding will be required to be satisfied in another manner.

(b) However, the Recipient may elect in writing by notice to the Company received at least ten (10) days before the earliest Distribution Date of Vested Shares to satisfy such tax withholding obligation in cash by the earliest Distribution Date of Vested Shares, as provided in Subsection (a)(i). If the Recipient fails to timely satisfy payment of the cash amount, then Subsection (a) shall apply.

(c) To the extent that the Recipient is required to satisfy the tax withholding obligation in this Section in cash, the Company shall withhold the cash from any cash payments then owed to the Recipient, or if none, the Recipient shall timely remit the cash amount.

(d) If the Recipient does not timely satisfy payment of the tax withholding obligation, the Recipient will forfeit the Vested Shares.

4. Restrictions on Transfer of Restricted Stock Units. Except for the transfer of any Restricted Stock Units by bequest or inheritance, the Recipient shall not have the right to make or permit to exist any transfer or hypothecation, whether outright or as security, with or without consideration, voluntary or involuntary, of all or any part of any right, title or interest in or to any Restricted Stock Units. Any such disposition not made in accordance with this Agreement shall

be deemed null and void. Any permitted transferee under this Section shall be bound by the terms of this Agreement.

5. Change in Capitalization.

(a) The number and kind of shares issuable under this Agreement shall be proportionately adjusted for non-reciprocal transactions between the Company and the holders of Common Stock that cause the per share value of the shares of Common Stock subject to this Award to change, such as a stock dividend, stock split, spinoff, or rights offering (each an " **Equity Restructuring**"). No fractional shares shall be issued in making such adjustment.

(b) In the event of a merger, consolidation, reorganization, extraordinary dividend, spin-off, sale of substantially all of the Company's assets, other change in capital structure of the Company, tender offer for shares of Common Stock, or a Change in Control, that in each case does not constitute an Equity Restructuring, the Committee shall take such action to make such adjustments with respect to the Restricted Stock Units as the Committee, in its sole discretion, determines in good faith is necessary or appropriate and as is permitted by the Plan, including, without limitation, adjusting the number and class of securities subject to the Award, substituting other securities, property or cash to replace the Award, all as determined in good faith by the Committee to have equivalent value to the Award, removing restrictions on the Award, or terminating the Award in exchange for the cash value determined in good faith by the Committee. Any adjustment pursuant to this Section may provide, in the Committee's discretion, for the elimination without payment of any fractional shares that might otherwise be subject to the Award, but except as set forth in this Subsection and the Plan may not otherwise diminish the then value of the Award.

(c) All determinations and adjustments made by the Committee pursuant to this Section will be final and binding on the Recipient. Any action taken by the Committee need not treat all recipients of awards under the Plan equally.

(d) The existence of the Plan and the Restricted Stock Units Grant shall not affect the right or power of the Company to make or authorize any adjustment, reclassification, reorganization or other change in its capital or business structure, any merger or consolidation of the Company, any issue of debt or equity securities having preferences or priorities as to the Common Stock or the rights thereof, the dissolution or liquidation of the Company, any sale or transfer of all or part of its business or assets, or any other corporate act or proceeding.

6. Governing Laws. This Award shall be construed, administered and enforced according to the laws of the State of Maryland; provided, however, no Vested Shares shall be issued except, in the reasonable judgment of the Committee, in compliance with exemptions under applicable state securities laws of the state in which Recipient resides, and/or any other applicable securities laws.

7. Successors. This Agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, successors, and permitted assigns of the parties.

8. Notice. Except as otherwise specified herein, all notices and other communications under this Agreement shall be in writing and shall be deemed to have been given if personally delivered or if sent by registered or certified United States mail, return receipt requested, postage prepaid, addressed to the proposed recipient at the last known address of the Recipient. Any party may designate any other address to which notices shall be sent by giving notice of the address to the other parties in the same manner as provided herein.

9. Severability. In the event that any one or more of the provisions or portion thereof contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, the same shall not invalidate or otherwise affect any other provisions of this Agreement, and this Agreement shall be construed as if the invalid, illegal or unenforceable provision or portion thereof had never been contained herein.

10. Entire Agreement. This Agreement, together with the terms and conditions set forth in the Plan, expresses the entire understanding and agreement of the parties with respect to the subject matter. In the event of a conflict between the terms of the Plan and this Agreement, the Plan shall govern.

11. Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the party or parties who are thereby aggrieved shall have the right to specific performance and injunction in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative.

12. No Right to Continued Retention. Neither the establishment of the Plan nor the Award shall be construed as giving Recipient the right to continued service with the Company or an Affiliate.

13. Tax Effects under 409A. It is intended that the Award under this Agreement will be exempt from or comply with Section 409A of the Internal Revenue Code (the "**Code**"). All provisions of this Agreement shall be construed consistent with that intent. If and to the extent that the Award does not qualify for an exemption from Code Section 409A, whether as a short-term deferral pursuant to Treas. Regs. Section 1.409A-1(b)(4) or otherwise, notwithstanding any other provision of this Agreement, payment shall be made only in accordance with Code Section 409A, such that if payment is being made as a result of the Recipient's termination of employment or other cessation of services, that shall be construed to require a "separation from service" as defined under Code Section 409A and payment will be delayed for any "specified employee" as defined under Code Section 409A to the extent required to comply with Code Section 409A(a)(2)(B)(i). The Company does not guarantee to the Recipient that the Award will not be subject to tax under 409A, and if it is, the Recipient shall be solely responsible for such tax.

14. Headings. Except as otherwise provided in this Agreement, headings used herein are for convenience of reference only and shall not be considered in construing this Agreement.

15. Definitions. As used in this Agreement:

"**Affiliate**" means any person, firm, corporation, partnership, association or entity that, directly or indirectly or through one or more intermediaries, controls, is controlled by or is under common control with the Company.

"**Applicable Period**" means:

(a) as to the Restrictive Provisions,

(i) the period of time that the Restrictive Provisions are in effect in accordance with the terms of the employment agreement then in effect between the Recipient and the Company or an Affiliate, or

(ii) if there is no such employment agreement or there are no such provisions in the employment agreement, the period of the Recipient's employment with the Company or an Affiliate, and with respect to the Non-Solicitation Provisions, twelve (12) months thereafter, and with respect to the Non-Competition Provisions, six (6) months thereafter; and

(b) as to the Intellectual Property Agreement, the period of time that any breach of such agreement would be actionable by the Company or an Affiliate pursuant to the terms of such agreement.

"**Area**" means the states, areas and countries in which the Company or any of its Affiliates owns, acquires, develops, invests in, leases, finances the ownership of, or finances the operation of any skilled nursing facilities, senior housing, long-term care facilities, assisted living facilities, or other residential healthcare-related real estate.

"**Beginning Stock Price**" means the average closing price per share of Common Stock for the months of November and December 2019 on the exchange on which Common Stock is traded, which is «Beginning_Stock_Price».

"**Below Threshold TSR**" means the Company has achieved Total Shareholder Return of less than eight percent (8%) for the Performance Period.

"**Board**" means the Board of Directors of the Company.

"**Business of the Company**" means any business with the primary purpose of leasing assets to healthcare operators, or financing the ownership of or financing the operation of skilled nursing facilities, senior housing, long-term care facilities, assisted living facilities, or other residential healthcare-related real estate.

"**Cause**" shall have the meaning set forth in the employment agreement then in effect between the Recipient and the Company or an Affiliate, or, if there is none, then Cause shall mean the occurrence of any of the following events:

(a) willful refusal by the Recipient to follow a lawful direction of any person to whom the Recipient reports or the Chief Executive Officer of the Company, provided the direction is not materially inconsistent with the duties or responsibilities of the Recipient's position with the Company or an Affiliate, which refusal continues after such person or the Chief Executive Officer of the Company has again given the direction in writing;

(b) willful misconduct or reckless disregard by the Recipient of the Recipient's duties or with respect to the interest or material property of the Company or an Affiliate;

(c) material breach by the Recipient of any of the Restrictive Provisions;

(d) material breach by the Recipient of any provision of the Intellectual Property Agreement;

(e) any act by the Recipient of fraud against, material misappropriation from or significant dishonesty to either the Company or an Affiliate, or any other party, but in the latter case only if in the reasonable opinion of the Chief Executive Officer of the Company, such fraud, material misappropriation, or significant dishonesty could reasonably be expected to have a material adverse impact on the Company or its Affiliates; or

(f) commission by the Recipient of a felony as reasonably determined by the Chief Executive Officer of the Company.

"**Change in Control**" means any one of the following events which occurs following the Grant Date:

(a) the acquisition within a twelve (12) month period, directly or indirectly, by any "person" or "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than the Company or any employee benefit plan of the Company or an Affiliate, or any corporation or other entity pursuant to a reorganization, merger or consolidation, of equity securities of the Company that in the aggregate represent thirty percent (30%) or more of the total voting power of the Company's then outstanding equity securities;

(b) the acquisition, directly or indirectly, by any "person" or "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than the Company or any employee benefit plan of the Company or an Affiliate, or any corporation or other entity pursuant to a reorganization, merger or consolidation of equity securities of the Company, resulting in such person or persons holding equity securities of the Company that, together with equity securities already held by such person or persons, in the aggregate represent more than fifty percent (50%) of the total fair market value or total voting power of the Company's then outstanding equity securities;

(c) individuals who as of the date hereof, constitute the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board;

(d) a reorganization, merger or consolidation, with respect to which persons who were the holders of equity securities of the Company immediately prior to such reorganization, merger or consolidation, immediately thereafter, own equity securities of the surviving entity representing less than fifty percent (50%) of the combined ordinary voting power of the then outstanding voting securities of the surviving entity; or

(e) the acquisition within a twelve (12) month period, directly or indirectly, by any "person" or "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than any corporation or other entity pursuant to a reorganization, merger or consolidation, of assets of the Company that have a total gross fair market value equal to or more than eighty-five percent (85%) of the total gross fair market value of all of the assets of the Company immediately before such acquisition.

Notwithstanding the foregoing, no Change in Control shall be deemed to have occurred for purposes of this Agreement (i) unless the event also constitutes a "change in the ownership or effective control of the corporation or in the ownership of a substantial portion of the assets of the corporation" within the meaning of Code Section 409A(a)(2)(v), or (ii) by reason of any actions or events in which the Recipient participates in a capacity other than in his capacity as an officer, employee, or director of the Company or an Affiliate.

"**Competing Business**" means any person, firm, corporation, joint venture, or other business that is engaged in the Business of the Company.

"**Determination Date**" means with respect to determining compliance with a covenant of this Agreement (a) while the Recipient remains employed by the Company or an Affiliate, the date as of which compliance is being determined, and (b) after the Recipient's termination of employment, the date of the Recipient's termination of employment.

"**Ending Stock Price**" means the average closing price per share of Common Stock for the months of November and December 2022 on the exchange on which Common Stock is traded, unless a Change in Control occurs on or before December 31, 2022, in which case the term means the value per share determined as of the date of the Change in Control, such value to be determined by the Committee in its reasonable discretion based on the actual or implied price per share paid in the Change in Control transaction.

"**Ending Value of Reinvested Dividends**" means the dollar amount equal to the Ending Stock Price multiplied by the total number of shares hypothetically purchased with the dividends declared to a shareholder of record during the Performance Period, assuming that each dividend is re-invested in Common Stock at the closing price per share on the last business day before the ex-dividend date. For purposes of this calculation, the dividends declared to a shareholder of record during the Performance Period will initially be calculated on one share of Common Stock beginning as of the first dividend declaration date during the Performance Period, and as of each dividend declaration date during the Performance Period thereafter, the dividends will be calculated with respect to the sum of one share of Common Stock plus the cumulative number of shares of Common Stock hypothetically purchased prior to such dividend declaration date. The "Ending Value of Reinvested Dividends" can also be expressed as the following formula:

Ending Value of Reinvested Dividends = (Ending Stock Price x Total Number of Shares Hypothetically Purchased with Reinvested Dividends)

Total Number of Shares Hypothetically Purchased with Reinvested Dividends = Number of Shares Hypothetically Purchased with First Reinvested Dividend + the sum of the Number of Shares Hypothetically Purchased with each Subsequent Reinvested Dividend

Number of Shares Hypothetically Purchased with First Reinvested Dividend = (dividend declared to a shareholder of record during the Performance Period calculated on one share of Common Stock as of the first dividend declaration date during such period)/(closing price per share of Common Stock on the last business day before the ex-dividend date)

Number of Shares Hypothetically Purchased with each Subsequent Reinvested Dividend = (each dividend declared to a shareholder of record after the first dividend declaration date during the Performance Period calculated on the sum of the one share of Common Stock beginning as of the first dividend declaration date + the number of shares hypothetically purchased with reinvested dividends before such subsequent dividend declaration date)/(closing price per share of Common Stock on the last business day before the related ex-dividend date)

"**Good Reason**" shall have the meaning set forth in the employment agreement then in effect between the Recipient and the Company or an Affiliate, or, if there is none, then Good Reason shall mean the occurrence of an event listed in (a) through (c) below:

(a) the Recipient experiences a material diminution of the Recipient's responsibilities of the Recipient's position, as reasonably modified by any person to whom the Recipient reports or the Chief Executive Officer of the Company from time to time, such that the Recipient would no longer have responsibilities substantially equivalent to those of other employees holding equivalent positions at companies with similar revenues and market capitalization;

(b) the Company or the Affiliate which employs the Recipient reduces the Recipient's annual base salary or annual bonus opportunity at high, target or threshold performance as a percentage of annual base salary; or

(c) the Company or the Affiliate which employs the Recipient requires the Recipient to relocate the Recipient's primary place of employment to a new location that is more than fifty (50) miles from its current location (determined using the most direct driving route), without the Recipient's consent;

provided however, as to each event in Subsection (a) through (c),

(i) the Recipient gives written notice to the Company within ten (10) days following the event or receipt of notice of the event of the Recipient's objection to the event;

(ii) the Company or the Affiliate which employs the Recipient fails to remedy the event within ten (10) days following the Recipient's written notice; and

(iii) the Recipient terminates his employment within thirty (30) days following the Company's and the Affiliate's failure to remedy the event.

"**High TSR**" means the Company has achieved Total Shareholder Return of at least twelve percent (12%) for the Performance Period.

"**Intellectual Property Agreement**" means that certain agreement entitled "Intellectual Property Agreement" previously entered into between the Company and the Recipient.

"**Non-Competition Provisions**" means the provisions under the title "Non-Competition Provisions" heading in Item H above of this Agreement.

"**Non-Solicitation Provisions**" means the provisions under the title "Non-Solicitation Provisions" heading in Item I above of this Agreement.

"**Performance Period**" means the period from and including January 1, 2020 through the earlier of December 31, 2022 or the date of a Change in Control.

"**Restrictive Provisions**" means the Non-Competition Provisions and the Non-Solicitation Provisions.

"**Retirement**" means voluntary resignation by a Recipient after having reached at least age sixty-two (62) and having performed at least ten (10) years of service with the Company, any subsidiary and/or any company that is acquired directly or indirectly by the Company. In addition, a Recipient must give at least six (6) months prior written notice of resignation for such voluntary resignation to qualify as "Retirement." The Recipient may give the required notice before satisfying the age and service requirements for Retirement, provided the Recipient satisfies the age and service requirements as of the effective date of Retirement.

"**Target TSR**" means the Company has achieved Total Shareholder Return of ten percent (10%) for the Performance Period.

"**Threshold TSR**" means that the Company has achieved Total Shareholder Return of eight percent (8%) for the Performance Period.

"**Total Shareholder Return**" means the compound annual growth rate (also known as "CAGR"), expressed as a percentage, of an investment in one share of Common Stock over the Performance Period, based on the Ending Stock Price plus the Ending Value of Reinvested Dividends, as compared to the Beginning Stock Price, and using the following formula:

(((Ending Stock Price + Ending Value of Reinvested Dividends)/Beginning Stock Price)^(1/3)) – 1

"**Vesting Period**" means the period beginning on the day after the last day of the Performance Period and ending December 31, 2023; provided however, that if a Change in Control occurs during or before such period, the last day of the Vesting Period same be deemed to be the date of the Change in Control.

EXHIBIT 1

VESTING SCHEDULE

A. Active Employee: The number of Restricted Stock Units is set forth under the heading "High TSR" in the TSR Chart below and represents the maximum potential number of units that can be earned. Except as provided in the remainder of this Vesting Schedule, the number of Restricted Stock Units that is earned (the "**Earned Unvested Restricted Units**") is determined as of the last day of the Performance Period based on the level of Total Shareholder Return attained for the Performance Period as shown in TSR Chart set forth below and the Recipient shall vest in twenty-five percent (25%) of the Earned Unvested Restricted Units, which shall then become Vested Stock Units, as of the last day of each calendar quarter during the Vesting Period only if the Recipient remains an employee, director or consultant of the Company or an Affiliate during the entire Performance Period and through the last day of such calendar quarter.

"**TSR Chart**"

Below Threshold TSR	*Threshold TSR	*Target TSR	*High TSR
Zero Earned Unvested Restricted Units	«Threshold_Relative_TSR»	«Target_Relative_TSR»	«Restricted_Stock_Units»

* If Total Shareholder Return falls between Threshold TSR and Target TSR or between Target TSR and High TSR, the number of Earned Unvested Restricted Units under the TSR Chart shall be determined by linear interpolation.

Notwithstanding the forgoing, if during the Applicable Period and while the Recipient remains an employee, director or consultant of the Company or an Affiliate, the Recipient breaches the Restrictive Provisions or the Intellectual Property Agreement, the Board is permitted to require the Recipient to return to the Company any Common Stock issued within one year before the breach that was attributable to Vested Stock Units, or if such Common Stock had been sold in an arm's length transaction by the Recipient, the proceeds of such sale as determined by the Board. The amount of the recovery shall be determined without regard to any taxes paid by or withheld from the wages of the Recipient unless the

Board shall determine otherwise. Any subsequent provision of this Vesting Schedule providing for vesting in the specified circumstances shall not override the compensation recovery provisions of this Item A.

B. Disability, Good Reason or without Cause Termination or Retirement Except as provided in Item E below, if, the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to the Recipient's Disability, the Recipient's resignation from the Company and all Affiliates for Good Reason, or the termination of the Recipient's employment by the Company and its Affiliates without Cause or the Recipient ceases services as an employee of the Company and all Affiliates due to Retirement (each such event referred to as a "**Qualifying Termination**"):

(i) during the Performance Period, the Recipient shall vest on the same dates as if the Recipient were to remain an employee of the Company or an Affiliate through the last day of the Vesting Period (the "**Applicable Vesting Dates**") in the same number of Earned Unvested Restricted Units as if the Recipient were to remain an employee of the Company or an Affiliate through the last day of the Vesting Period, but multiplied by a fraction, the numerator of which is the number of days elapsed in the Performance Period through the date of such event and the denominator of which is 1,095 (*i.e.,* 365 x 3), or

(ii) during the Vesting Period, the Recipient shall vest on each Applicable Vesting Date in the same number of Earned Unvested Restricted Units as if the Recipient were to remain an employee of the Company or an Affiliate through the last day of the Vesting Period.

; provided however, that the vesting provided in clause (i) or (ii) above shall not occur if before the earlier of the Applicable Vesting Date or the end of the Applicable Period, the Recipient breaches any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Earned Unvested Restricted Units that have not previously vested and been paid in Vested Shares shall be immediately forfeited as of the date of such breach.

C. Death after Qualifying Termination. Except as provided in Item E below, if Item B of this Vesting Schedule applies and the Recipient thereafter dies before the date that all vesting occurs that is provided for pursuant to Item B, then the vesting there provided shall be accelerated to the later of the date of the Recipient's death or the last day of the Performance Period; provided however, that such vesting shall not occur if during the Applicable Period and before the date of death, the Recipient breached any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Earned Unvested Restricted Units that have not previously vested and been paid in Vested Shares shall be immediately forfeited as of the date of such breach.

D. Death while Employed. Except as provided in Item E below, if the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to the Recipient's death during the Performance Period or the Vesting Period, the Recipient shall vest in the same number of Earned Unvested Restricted Units as if the Recipient's death were a Qualifying Termination pursuant to Item B of this Vesting Schedule, except that the vesting there provided shall be accelerated to the later of the date of the Recipient's death or the last day of the Performance Period; provided however, that such vesting shall not occur if during the Applicable Period and before the date of death, the Recipient breached any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Earned Unvested Restricted Units that have not previously vested and been paid in Vested Shares shall be immediately forfeited as of the date of such breach.

E. Change in Control. Notwithstanding Items A through D of this Vesting Schedule, if a Change in Control occurs on or after the Grant Date and on or before December 31, 2023, and (i) the Recipient remains an employee, director or consultant of the Company or an Affiliate during the entire Performance Period until the date of the Change in Control, or (ii) within sixty (60) days before the Change in Control, the Recipient incurs a Qualifying Termination or ceases services as an employee, director or consultant of the Company and all Affiliates due to the Recipient's death, the Recipient shall be 100% vested in, as of the date of the Change in Control:

1. if the Change in Control occurs on or before December 31, 2022, the number of Earned Unvested Restricted Units determined:

    a. in the TSR Chart if the applicable level of Total Shareholder Return for the full three year Performance Period (determined without regard to the shortening of the period as a result of the Change in Control) is achieved, or

    b. in the TSR Chart multiplied by a fraction, the numerator of which is the number of days elapsed in the Performance Period through the date of the Change in Control and the denominator of which is 1,095 (*i.e.,* 365 x 3), if the applicable level of Total Shareholder Return has been achieved based on annualized performance to the date of the Change in Control but not for the full three year Performance Period (determined without regard to the shortening of the period as a result of the Change in Control), or

    c. by interpolation between the numbers in clause (a) and (b) above if the applicable level of Total Shareholder Return has been exceeded based on performance to the date of the Change in Control but is less than the applicable level for the full three year Performance Period (determined without regard to the shortening of the period as a result of the Change in Control), or

2. if the Change in Control occurs after December 31, 2022, the number of Earned Unvested Restricted Units determined in the TSR Chart that were actually earned for the Performance Period which have not previously become Vested Stock Units.

F. Voluntary Resignation or Cause Termination. Restricted Stock Units which have not become Vested Stock Units as of the Recipient's cessation of services as an employee, director, or consultant of the Company and all Affiliates, except as provided in Items B through E of this Vesting Schedule, shall be forfeited. Further, if (a) before a Change in Control, the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to (I) the Recipient's voluntary resignation without Good Reason (and not due to Disability or Retirement) or (II) the termination of the Recipient's employment by the Company and its Affiliates for Cause, and (b) during the Applicable Period, the Recipient breaches the Restrictive Provisions or the Intellectual Property Agreement, the Board is permitted to require the Recipient to return to the Company any Common Stock issued within one year before the Recipient's cessation of services that was attributable to Vested Stock Units, or if such Common Stock had been sold in an arm's length transaction by the Recipient, the proceeds of such sale as determined by the Board. The amount of the recovery shall be determined without regard to any taxes paid by or withheld from the wages of the Recipient unless the Board shall determine otherwise.

G. General Forfeiture Provisions. Restricted Stock Units which have not become Earned Unvested Restricted Units as of the last day of the Performance Period shall be forfeited. Restricted Stock Units which have not become Vested Stock Units as of the earliest of (i) December 31, 2023, (ii) except as provided in Items B through E of this Vesting Schedule, as of the Recipient's cessation of services as an employee, director, or consultant of the Company and all Affiliates, or (iii) the date provided in Item F, shall be forfeited, and once a forfeiture occurs no provision of this Vesting Schedule shall be construed to reinstate the forfeiture. The forfeitures and compensation recoveries provided for in this Agreement in connection with any breach during the Applicable Period by a Recipient of the Restrictive Provisions or the Intellectual Property Agreement shall not be the Company's sole remedy, and nothing in this Agreement limits the Company's right to seek damages, injunctive relief or other legal or equitable relief in case of any such breach; provided, however, if the Recipient is not a party to an employment agreement with the Company or an Affiliate as of the date of termination of employment and the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to a Qualifying Termination, the Company's sole remedy with respect to a breach by the Recipient during the Applicable Period of the Non-Competition Provisions will be the forfeiture provided in Item B of this Vesting Schedule; provided further, such limitation to the Company's remedies shall not apply to the Recipient's breach during the Applicable Period of the Non-Solicitation Provisions or the Intellectual Property Agreement.

H. Fractional Units. If any calculation in this Vesting Schedule results in a fractional number of Vested Stock Units, the number of Vested Stock Units shall be rounded to the closest whole number.

FORM OF
TSR-BASED PERFORMANCE PROFITS INTEREST UNITS AGREEMENT
PURSUANT TO
THE OMEGA HEALTHCARE INVESTORS, INC. 2018 STOCK INCENTIVE PLAN

THIS AGREEMENT (this "**Agreement**") is made as of the Grant Date, by and between OHI Healthcare Properties Limited Partnership (the "**Partnership**"), a limited partnership controlled by, and an Affiliate (as defined below) of, Omega Healthcare Investors, Inc. (Omega Healthcare Investors, Inc. is hereafter referred to as the "**Company**") and «Recepient» (the "**Recipient**").

Upon and subject to this Agreement (including the Terms and Conditions and the Exhibits which are attached hereto and incorporated herein as part of this Agreement) and the Limited Partnership Agreement (as defined herein), the Partnership hereby awards as of the Grant Date to the Recipient the number of Profits Interest Units set forth below (the "**Profits Interest Units Grant**" or the "**Award**"). Underlined and capitalized captions in Items A through G below shall have the meanings therein ascribed to them. Other capitalized terms used in this Agreement are defined in Section 16 of the Terms and Conditions. Capitalized terms that are used but not defined in this Agreement shall have the meaning ascribed to them in the "Plan" (as defined below).

A. Grant Date: January 1, 2020.

B. Plan: (under which Profits Interest Units Grant is granted): Omega Healthcare Investors, Inc. 2018 Stock Incentive Plan.

C. Profits Interest Units: «Profits_Interest_Units» Profits Interest Units. "**Profits Interest Units**" has the same meaning as "**LTIP Units**" as defined in the Limited Partnership Agreement, and each Profits Interest Unit represents, on the Grant Date, one "**Unvested Profits Interest Unit**," which is one "**Unvested LTIP Unit**" as defined in and pursuant to the Limited Partnership Agreement, subject to adjustment as provided in the attached Terms and Conditions, and also represents the Partnership's unsecured obligation to issue to the Recipient distributions described in Item E below.

D. Vesting Schedule: The Recipient shall become vested in a number of Profits Interest Units as and when determined pursuant to Exhibit 1. The Profits Interest Units which have become vested pursuant to the Vesting Schedule are herein referred to as the "**Vested Profits Interest Units.**"

E. Distributions: The "**LTIP Unit Distributions Participation Date**" attributable to Profits Interest Units as defined in and pursuant to Section 15.4 of the Limited Partnership Agreement shall be January 1, 2020; provided, however, that until any of the Profits Interest Units become "**Earned Unvested Profits Interest Units**" the Recipient shall receive a distribution when paid to holders of "**LP Units**" (as defined in the Limited Partnership Agreement) of an amount per Profits Interest Unit (the "**Interim Distribution per Profits Interest Unit**"), and an allocation of "**Net Income and Net Loss**" (as defined in the Limited Partnership Agreement) per Profits Interest Unit, equal to (i) 10% of the regular periodic distributions per LP Unit paid by the Partnership to LP Unit holders and a corresponding percentage allocation of Net Income and Net Loss attributable to the regular periodic distributions per LP Unit and (ii) 0% of the special distributions and other distributions not made in the ordinary course per LP Unit paid by the Partnership to LP Unit holders and a corresponding 0% allocation of Net Income and Net Loss attributable to the special distributions and other distributions per LP Unit not made in the ordinary course. As to all Profits Interest Units that become Earned Unvested Profits Interest Units, the Recipient shall receive within twenty (20) business days after the date they become Earned Unvested Profits Interest Units, a distribution from the Partnership per Earned Unvested Profits Interest Unit and a corresponding allocation of Net Income and Net Loss per Earned Unvested Profits Interest Unit equal to the excess of (x) the amount of distributions from the Partnership that would have been paid per Profits Interest Unit if the Profits Interest Unit had been an LP Unit on January 1, 2020 (determined without regard to this Item E) over (y) the Interim Distribution per Profits Interest Unit. In addition, with respect to distributions and allocations of Net Income and Net Loss that accrue following the date that any Profits Interest Units become Earned Unvested Profits Interest Units or Vested Profits Interest Units, the Recipient shall receive with respect to each Earned Unvested Profits Interest Unit and each Vested Profits Interest Unit distributions and allocations of Net Income and Net Loss pursuant to the Limited Partnership Agreement determined without regard to the adjustments in this Item E.

F. Non-Competition Provisions: The Recipient acknowledges that if the Recipient is subject to any provisions then in effect in the employment agreement between the Recipient and the Company or an Affiliate that limit the ability of the Recipient to enter into competition with the Company or its Affiliates or to work for a business which is in a similar business to that of the Company or of an Affiliate, the Recipient will abide by such provisions. Further, the Recipient agrees that if there is no such employment agreement or there are no such provisions in the employment agreement, during the Applicable Period, the Recipient will not (except on behalf of or with the prior written consent of the Company, which consent may be withheld in Company's sole discretion), within the Area, on the Recipient's own behalf, or in the service of or on behalf of others, and whether as an employee, a consultant or otherwise, provide managerial services or management consulting services substantially similar to those the Recipient provides for the Company or an Affiliate to any Competing Business. As of the Grant Date, the Recipient acknowledges and agrees that the Recipient provides services to the Company throughout the Area.

G. Non-Solicitation Provisions: The Recipient acknowledges that if the Recipient is subject to any provisions then in effect in the employment agreement between the Recipient and the Company or an Affiliate that limit the ability of the Recipient to solicit clients or employees of the Company or its Affiliates, the Recipient will abide by such provisions. Further, the Recipient agrees that if there is no such employment agreement or there are no such provisions in the employment agreement, during the Applicable Period, the Recipient will not, on the Recipient's own behalf or in the service of or on behalf of others:

(i) solicit any individual or entity which is an actual client of the Company or any of its Affiliates as of the Determination Date with whom the Recipient had direct material contact while the Recipient was an employee of the Company or an Affiliate, for the purpose of offering services substantially similar to those offered by the Company or an Affiliate, or

(ii) solicit for employment with a Competing Business any person who is a management level employee of the Company or an Affiliate with whom the Recipient had contact during the then most recent year of the Recipient's employment with the Company or an Affiliate.

The Recipient shall not be deemed to be in breach of Item G(ii) solely because an employer for whom the Recipient performs services solicits, diverts, or hires a management level employee of the Company or an Affiliate, provided that the Recipient does not engage in the activity proscribed by Item G(ii).

H. Acknowledgement: The Recipient acknowledges and agrees that the Recipient's agreement to and compliance with the provisions of this Agreement, including without limitation Item F and Item G above, are conditions to the effectiveness of the grant of the Award, and further acknowledges and agrees that the Recipient's noncompliance with Item F or Item G above can result in a forfeiture and/or recovery of all or part of the Award to the extent provided in the Vesting Schedule. The Recipient also acknowledges and agrees that the forfeitures and compensation recoveries provided for in this Agreement in connection with any breach during the Applicable Period by the Recipient of the Restrictive Provisions or the Intellectual Property Agreement shall not be the Company's sole remedy, and nothing in this Agreement limits the Company's right to seek damages, injunctive relief or other legal or equitable relief in case of any breach during the Applicable Period by the Recipient of the Restrictive Provisions or the Intellectual Property Agreement, except to the extent provided otherwise in the last paragraph of the Vesting Schedule. In the event that any provision of this Agreement is determined by a court which has jurisdiction to be unenforceable in part or in whole, the court shall be deemed to have the authority to strike or sever any unenforceable provision, or any part thereof or to revise any provision to the minimum extent necessary to render the provision reasonable and then to enforce the provision to the maximum extent permitted by law.

IN WITNESS WHEREOF, the Partnership and the Recipient have executed and agree to be bound by this Agreement as of the Grant Date set forth above.

OHI HEALTHCARE PROPERTIES LIMITED PARTNERSHIP

By:

Title:

THE RECIPIENT

By: ______________________________________

Name: «Recepient»

TERMS AND CONDITIONS TO THE
TSR-BASED PERFORMANCE PROFITS INTEREST UNITS AGREEMENT
PURSUANT TO
THE OMEGA HEALTHCARE INVESTORS, INC. 2018 STOCK INCENTIVE PLAN

1. Conditions to Grant of Profits Interest Units. As a condition of receiving the grant of Profits Interest Units hereunder, the Recipient must (a) execute the representations and warranties set forth on Exhibit 2 attached hereto, and deliver them to the Partnership within ten (10) days of the Grant Date, and (b) file with the IRS within thirty (30) days of the Grant Date, a valid election under Code Section 83(b), in substantially the form of Exhibit 3 attached hereto, as to all of the Profits Interest Units. The Recipient must also deliver to the Partnership, within thirty (30) days after the Grant Date, a copy of such election. Failure to comply with the requirements of this Section shall result in the forfeiture of all the Profits Interest Units and the cancellation of this Agreement.

2. Issuance of Profits Interest Units. The Partnership shall record in the name of the Recipient the number of Profits Interest Units ("LTIP Units," as defined in the Limited Partnership Agreement) awarded as of the Grant Date. The Partnership and the Recipient acknowledge and agree that the Profits Interest Units are hereby issued to the Recipient for the performance of services to or for the benefit of the Partnership and its Affiliates. If the Recipient is not already a partner of the Partnership pursuant to the Limited Partnership Agreement (defined therein as a "**Partner**"), the Partnership admits the Recipient as an "**LTIP Unit Limited Partner**" (as defined therein) and a Partner on the terms and conditions in this Agreement, the Plan and the Limited Partnership Agreement. Upon execution of this Agreement, the Recipient shall, automatically and without further action on the Recipient's part, be deemed to be a signatory of and bound by the Limited Partnership Agreement. At the request of the Partnership, the Recipient shall execute the Limited Partnership Agreement or a counterpart signature page thereto.

3. Rights as a Unitholder. The Profits Interest Units shall be treated as a "profits interest" within the meaning of Revenue Procedure 93-27, and the Recipient shall be treated as having received the interest on the Grant Date as contemplated under Section 4 of Revenue Procedure 2001-43. As the owner of the Profits Interest Units for income tax purposes, the Recipient shall take into account the Recipient's distributive share of income, gain, loss, deduction and credit associated with the Profits Interest Units as determined in accordance with the terms of the Limited Partnership Agreement and this Agreement.

4. Restrictions on Transfer. The Recipient shall not sell, pledge, assign, transfer or hypothecate, or otherwise dispose of any Profits Interest Units, whether outright or as security, with or without consideration, voluntary or involuntary, of all or any part of any right, title or interest in or to the Profits Interest Units, except as otherwise provided in the Limited Partnership Agreement. Any disposition not made in accordance with this Agreement shall be deemed null and void. Any permitted transferee under this Section shall be bound by the terms of this Agreement and the Limited Partnership Agreement.

5. Tax Withholding. If and only if tax withholding applies with respect to the grant, vesting, ownership or disposition of Profits Interest Units, the Company or an Affiliate may

withhold from the Recipient's wages, or require the Recipient to remit to the Partnership, the Company or an Affiliate, any applicable required tax withholding.

6. Change in Capitalization.

(a) The number and kind of units issuable under this Agreement shall be proportionately adjusted for any non-reciprocal transaction between the Partnership and the holders of partnership interests of the Partnership that causes the per unit value of the Profits Interest Units subject to the Award to change, such as a unit dividend, unit split, spinoff or rights offering (each an " **Equity Restructuring**"). No fractional shares shall be issued in making such adjustment.

(b) In the event of a merger, consolidation, reorganization, extraordinary dividend, spin-off, sale of substantially all of the Partnership's assets, other change in capital structure of the Partnership, tender offer for Profits Interest Units ("LTIP Units," as defined in the Limited Partnership Agreement), or a Change in Control, that in each case does not constitute an Equity Restructuring, the Committee shall take such action to make such adjustments with respect to the Profits Interest Units as the Committee, in its sole discretion, determines in good faith is necessary or appropriate and as is permitted by the Plan, including, without limitation, adjusting the number and class of units subject to the Award, substituting other securities, property or cash to replace the Award, all as determined in good faith by the Committee to have equivalent value to the Award, removing restrictions on the Award, or terminating the Award in exchange for the cash value determined in good faith by the Committee. Any adjustment pursuant to this Section may provide, in the Committee's discretion, for the elimination without payment of any fractional units that might otherwise be subject to the Award, but except as set forth in this Subsection and the Plan may not otherwise diminish the then value of the Award.

(c) All determinations and adjustments made by the Committee pursuant to this Section will be final and binding on the Recipient. Any action taken by the Committee need not treat all recipients of awards under the Plan equally.

(d) The existence of the Plan and the Profits Interest Unit Grant shall not affect the right or power of the Partnership to make or authorize any adjustment, reclassification, reorganization or other change in its capital or business structure, any merger or consolidation of the Partnership, any issue of debt or equity securities having preferences or priorities as to the Profits Interest Units or the rights thereof, the dissolution or liquidation of the Partnership, any sale or transfer of all or part of its business or assets, or any other corporate act or proceeding.

7. Governing Laws. This Award shall be construed, administered and enforced according to the laws of the State of Maryland; provided, however, no Profits Interest Units shall be issued except, in the reasonable judgment of the Committee, in compliance with exemptions under applicable state securities laws of the state in which Recipient resides, and/or any other applicable securities laws.

8. Successors. This Agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, successors, and permitted assigns of the parties.

9. Notice. Except as otherwise specified herein, all notices and other communications under this Agreement shall be in writing and shall be deemed to have been given if personally delivered or if sent by registered or certified United States mail, return receipt requested, postage prepaid, addressed to the proposed recipient at the last known address of the Recipient. Any party may designate any other address to which notices shall be sent by giving notice of the address to the other parties in the same manner as provided herein.

10. Severability. In the event that any one or more of the provisions or portion thereof contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, the same shall not invalidate or otherwise affect any other provisions of this Agreement, and this Agreement shall be construed as if the invalid, illegal or unenforceable provision or portion thereof had never been contained herein.

11. Entire Agreement. This Agreement and the Limited Partnership Agreement, together with the terms and conditions set forth in the Plan, express the entire understanding and agreement of the parties with respect to the subject matter. In the event of a conflict between the terms of the Plan or the Limited Partnership Agreement and this Agreement, the Plan and the Limited Partnership Agreement shall govern.

12. Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the party or parties who are thereby aggrieved shall have the right to specific performance and injunction in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative.

13. No Right to Continued Retention. Neither the establishment of the Plan nor the Award shall be construed as giving Recipient the right to continued service with the Company or an Affiliate.

14. Tax Effects under 409A. It is intended that the Award under this Agreement be exempt from Section 409A of the Internal Revenue Code (the "**Code**") as a current grant of a profits interest as provided in Section 3 hereof.

15. Headings. Except as otherwise provided in this Agreement, section headings used herein are for convenience of reference only and shall not be considered in construing this Award.

16. Definitions. As used in this Agreement:

"**Affiliate**" means any person, firm, corporation, partnership, association or entity that, directly or indirectly or through one or more intermediaries, controls, is controlled by or is under common control with the Company.

"**Applicable Period**" means:

(a) as to the Restrictive Provisions,

(i) the period of time that the Restrictive Provisions are in effect in accordance with the terms of the employment agreement then in effect between the Recipient and the Company or an Affiliate, or

(ii) if there is no such employment agreement or there are no such provisions in the employment agreement, the period of the Recipient's employment with the Company or an Affiliate, and with respect to the Non-Solicitation Provisions, twelve (12) months thereafter, and with respect to the Non-Competition Provisions, six (6) months thereafter; and

(b) as to the Intellectual Property Agreement, the period of time that any breach of such agreement would be actionable by the Company or an Affiliate pursuant to the terms of such agreement.

"**Area**" means the states, areas and countries in which the Company or any of its Affiliates owns, acquires, develops, invests in, leases, finances the ownership of, or finances the operation of any skilled nursing facilities, senior housing, long-term care facilities, assisted living facilities, or other residential healthcare-related real estate.

"**Beginning Stock Price**" means the average closing price per share of Common Stock for the months of November and December 2019 on the exchange on which Common Stock is traded, which is «Beginning_Stock_Price».

"**Below Threshold TSR**" means the Company has achieved Total Shareholder Return of less than eight percent (8%) for the Performance Period.

"**Board**" means the Board of Directors of the Company.

"**Business of the Company**" means any business with the primary purpose of leasing assets to healthcare operators, or financing the ownership of or financing the operation of skilled nursing facilities, senior housing, long-term care facilities, assisted living facilities, or other residential healthcare-related real estate.

"**Cause**" shall have the meaning set forth in the employment agreement then in effect between the Recipient and the Company or an Affiliate, or, if there is none, then Cause shall mean the occurrence of any of the following events:

(a) willful refusal by the Recipient to follow a lawful direction of any person to whom the Recipient reports or the Chief Executive Officer of the Company, provided the direction is not materially inconsistent with the duties or responsibilities of the Recipient's position with the Company or an Affiliate, which refusal continues after such person or the Chief Executive Officer of the Company has again given the direction in writing;

(b) willful misconduct or reckless disregard by the Recipient of the Recipient's duties or with respect to the interest or material property of the Company or an Affiliate;

(c) material breach by the Recipient of any of the Restrictive Provisions;

(d) material breach by the Recipient of any provision of the Intellectual Property Agreement;

(e) any act by the Recipient of fraud against, material misappropriation from or significant dishonesty to either the Company or an Affiliate, or any other party, but in the latter case only if in the reasonable opinion of the Chief Executive Officer of the Company, such fraud, material misappropriation, or significant dishonesty could reasonably be expected to have a material adverse impact on the Company or its Affiliates; or

(f) commission by the Recipient of a felony as reasonably determined by the Chief Executive Officer of the Company.

"**Change in Control**" means any one of the following events which occurs following the Grant Date:

(a) the acquisition within a twelve (12) month period, directly or indirectly, by any "person" or "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than the Company or any employee benefit plan of the Company or an Affiliate, or any corporation or other entity pursuant to a reorganization, merger or consolidation, of equity securities of the Company that in the aggregate represent thirty percent (30%) or more of the total voting power of the Company's then outstanding equity securities;

(b) the acquisition, directly or indirectly, by any "person" or "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than the Company or any employee benefit plan of the Company or an Affiliate, or any corporation or other entity pursuant to a reorganization, merger or consolidation of equity securities of the Company, resulting in such person or persons holding equity securities of the Company that, together with equity securities already held by such person or persons, in the aggregate represent more than fifty percent (50%) of the total fair market value or total voting power of the Company's then outstanding equity securities;

(c) individuals who as of the date hereof, constitute the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board;

(d) a reorganization, merger or consolidation, with respect to which persons who were the holders of equity securities of the Company immediately prior to such reorganization, merger or consolidation, immediately thereafter, own equity securities of

the surviving entity representing less than fifty percent (50%) of the combined ordinary voting power of the then outstanding voting securities of the surviving entity; or

(e) the acquisition within a twelve (12) month period, directly or indirectly, by any "person" or "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than any corporation or other entity pursuant to a reorganization, merger or consolidation, of assets of the Company that have a total gross fair market value equal to or more than eighty-five percent (85%) of the total gross fair market value of all of the assets of the Company immediately before such acquisition.

Notwithstanding the foregoing, no Change in Control shall be deemed to have occurred for purposes of this Agreement (i) unless the event also constitutes a "change in the ownership or effective control of the corporation or in the ownership of a substantial portion of the assets of the corporation" within the meaning of Code Section 409A(a)(2)(v), or (ii) by reason of any actions or events in which the Recipient participates in a capacity other than in his capacity as an officer, employee, or director of the Company or an Affiliate.

"**Competing Business**" means any person, firm, corporation, joint venture, or other business that is engaged in the Business of the Company.

"**Determination Date**" means with respect to determining compliance with a covenant of this Agreement (a) while the Recipient remains employed by the Company or an Affiliate, the date as of which compliance is being determined, and (b) after the Recipient's termination of employment, the date of the Recipient's termination of employment.

"**Ending Stock Price**" means the average closing price per share of Common Stock for the months of November and December 2022 on the exchange on which Common Stock is traded, unless a Change in Control occurs on or before December 31, 2022, in which case the term means the value per share determined as of the date of the Change in Control, such value to be determined by the Committee in its reasonable discretion based on the actual or implied price per share paid in the Change in Control transaction.

"**Ending Value of Reinvested Dividends**" means the dollar amount equal to the Ending Stock Price multiplied by the total number of shares hypothetically purchased with the dividends declared to a shareholder of record during the Performance Period, assuming that each dividend is re-invested in Common Stock at the closing price per share on the last business day before the ex-dividend date. For purposes of this calculation, the dividends declared to a shareholder of record during the Performance Period will initially be calculated on one share of Common Stock beginning as of the first dividend declaration date during the Performance Period, and as of each dividend declaration date during the Performance Period thereafter, the dividends will be calculated with respect to the sum of one share of Common Stock plus the cumulative number of shares of Common Stock hypothetically purchased prior to such dividend declaration date. The "Ending Value of Reinvested Dividends" can also be expressed as the following formula:

Ending Value of Reinvested Dividends = (Ending Stock Price x Total Number of Shares Hypothetically Purchased with Reinvested Dividends)

Total Number of Shares Hypothetically Purchased with Reinvested Dividends = Number of Shares Hypothetically Purchased with First Reinvested Dividend + the sum of the Number of Shares Hypothetically Purchased with each Subsequent Reinvested Dividend

Number of Shares Hypothetically Purchased with First Reinvested Dividend = (dividend declared to a shareholder of record during the Performance Period calculated on one share of Common Stock as of the first dividend declaration date during such period)/(closing price per share of Common Stock on the last business day before the ex-dividend date)

Number of Shares Hypothetically Purchased with each Subsequent Reinvested Dividend = (each dividend declared to a shareholder of record after the first dividend declaration date during the Performance Period calculated on the sum of the one share of Common Stock beginning as of the first dividend declaration date + the number of shares hypothetically purchased with reinvested dividends before such subsequent dividend declaration date)/(closing price per share of Common Stock on the last business day before the related ex-dividend date)

"**Good Reason**" shall have the meaning set forth in the employment agreement then in effect between the Recipient and the Company or an Affiliate, or, if there is none, then Good Reason shall mean the occurrence of an event listed in (a) through (c) below:

(a) the Recipient experiences a material diminution of the Recipient's responsibilities of the Recipient's position, as reasonably modified by any person to whom the Recipient reports or the Chief Executive Officer of the Company from time to time, such that the Recipient would no longer have responsibilities substantially equivalent to those of other employees holding equivalent positions at companies with similar revenues and market capitalization;

(b) the Company or the Affiliate which employs the Recipient reduces the Recipient's annual base salary or annual bonus opportunity at high, target or threshold performance as a percentage of annual base salary; or

(c) the Company or the Affiliate which employs the Recipient requires the Recipient to relocate the Recipient's primary place of employment to a new location that is more than fifty (50) miles from its current location (determined using the most direct driving route), without the Recipient's consent;

provided however, as to each event in Subsection (a) through (c),

(i) the Recipient gives written notice to the Company within ten (10) days following the event or receipt of notice of the event of the Recipient's objection to the event;

(ii) the Company or the Affiliate which employs the Recipient fails to remedy the event within ten (10) days following the Recipient's written notice; and

(iii) the Recipient terminates his employment within thirty (30) days following the Company's and the Affiliate's failure to remedy the event.

"**High TSR**" means the Company has achieved Total Shareholder Return of at least twelve percent (12%) for the Performance Period.

"**Intellectual Property Agreement**" means that certain agreement entitled "Intellectual Property Agreement" previously entered into between the Company and the Recipient.

"**Limited Partnership Agreement**" means the Second Amended and Restated Agreement of OHI Healthcare Properties Limited Partnership, dated as of April 1, 2015, as it may be amended or any successor agreement thereto.

"**Non-Competition Provisions**" means the provisions under the title "Non-Competition Provisions" heading in Item F above of this Agreement.

"**Non-Solicitation Provisions**" means the provisions under the title "Non-Solicitation Provisions" heading in Item G above of this Agreement.

"**Performance Period**" means the period from and including January 1, 2020 through the earlier of December 31, 2022 or the date of a Change in Control.

"**Restrictive Provisions**" means the Non-Competition Provisions and the Non-Solicitation Provisions.

"**Retirement**" means voluntary resignation by a Recipient after having reached at least age sixty-two (62) and having performed at least ten (10) years of service with the Company, any subsidiary and/or any company that is acquired directly or indirectly by the Company. In addition, a Recipient must give at least six (6) months prior written notice of resignation for such voluntary resignation to qualify as "Retirement." The Recipient may give the required notice before satisfying the age and service requirements for Retirement, provided the Recipient satisfies the age and service requirements as of the effective date of Retirement.

"**Target TSR**" means the Company has achieved Total Shareholder Return of ten percent (10%) for the Performance Period.

"**Threshold TSR**" means that the Company has achieved Total Shareholder Return of eight percent (8%) for the Performance Period.

"**Total Shareholder Return**" means the compound annual growth rate (also known as "CAGR"), expressed as a percentage, of an investment in one share of Common Stock over the Performance Period, based on the Ending Stock Price plus the Ending Value of Reinvested Dividends, as compared to the Beginning Stock Price, and using the following formula:

(((Ending Stock Price + Ending Value of Reinvested Dividends)/Beginning Stock Price)^(1/3)) – 1

"**Vesting Period**" means the period beginning on the day after the last day of the Performance Period and ending December 31, 2023; provided however, that if a Change in Control occurs during or before such period, the last day of the Vesting Period same be deemed to be the date of the Change in Control.

EXHIBIT 1

VESTING SCHEDULE

A. Active Employee: The number of Profits Interest Units is set forth under the heading "High TSR" in the TSR Chart below and represents the maximum potential number of units that can be earned. Except as provided in the remainder of this Vesting Schedule, the number of Profits Interest Units that is earned (the "**Earned Unvested Profits Interest Units**") is determined as of the last day of the Performance Period based on the level of Total Shareholder Return attained for the Performance Period as shown in TSR Chart set forth below and the Recipient shall vest in twenty-five percent (25%) of the Earned Unvested Profits Interest Units, which shall then become Vested Profits Interest Units, as of the last day of each calendar quarter during the Vesting Period only if the Recipient remains an employee, director or consultant of the Company or an Affiliate during the entire Performance Period and through the last day of such calendar quarter.

"**TSR Chart**"

Below Threshold TSR	*Threshold TSR	*Target TSR	*High TSR
Zero Earned Unvested Profits Interest Units	«Threshold_TSR»	«Target_TSR»	«Profits_Interest_Units»

* If Total Shareholder Return falls between Threshold TSR and Target TSR or between Target TSR and High TSR, the number of Earned Unvested Profits Interest Units under the TSR Chart shall be determined in accordance with the separate written interpolation methodology established by the Company in connection with valuing the Profits Interest Units as of the Grant Date.

Notwithstanding the forgoing, if during the Applicable Period and while the Recipient remains an employee, director or consultant of the Company or an Affiliate, the Recipient breaches the Restrictive Provisions or the Intellectual Property Agreement, the Board is permitted to require the Recipient to return to the Company any Profits Interest Units which vested within one year before the breach, or if such Profits Interest Units had been sold in an arm's length transaction or redeemed by the Recipient, the proceeds of such sale or redemption as determined by the Board. The amount of the recovery shall be determined without regard to any taxes paid by or withheld from the wages of the Recipient unless the Board shall determine otherwise. Any subsequent provision of this Vesting Schedule providing for vesting in the specified circumstances shall not override the compensation recovery provisions of this Item A.

B. Disability, Good Reason or without Cause Termination or Retirement Except as provided in Item E below, if, the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to the Recipient's Disability, the Recipient's resignation from the Company and all Affiliates for Good Reason, or the termination of the Recipient's employment by the Company and its Affiliates without Cause or the Recipient ceases services as an employee of the Company and all Affiliates due to Retirement (each such event referred to as a "**Qualifying Termination**"):

(i) during the Performance Period, the Recipient shall vest on the same dates as if the Recipient were to remain an employee of the Company or an Affiliate through the last day of the Vesting Period (the "**Applicable Vesting Dates**") in the same number of Earned Unvested Profits Interest Units as if the Recipient were to remain an employee of the Company or an Affiliate through the last day of the Vesting Period, but multiplied by a fraction, the numerator of which is the number of days elapsed in the Performance Period through the date of such event and the denominator of which is 1,095 (*i.e.,* 365 x 3), or

(ii) during the Vesting Period, the Recipient shall vest on each Applicable Vesting Date in the same number of Earned Unvested Profits Interest Units as if the Recipient were to remain an employee of the Company or an Affiliate through the last day of the Vesting Period.

; provided however, that the vesting provided in clause (i) or (ii) above shall not occur if before the earlier of the Applicable Vesting Date or the end of the Applicable Period, the Recipient breaches any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Earned Unvested Profits Interest Units that have not previously vested shall be immediately forfeited as of the date of such breach.

C. Death after Qualifying Termination. Except as provided in Item E below, if Item B of this Vesting Schedule applies and the Recipient thereafter dies before the date that all vesting occurs that is provided for pursuant to Item B, then the vesting there provided shall be accelerated to the later of the date of the Recipient's death or the last day of the Performance Period; provided however, that such vesting shall not occur if during the Applicable Period and before the date of death, the Recipient breached any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Earned Unvested Profits Interest Units that have not previously vested shall be immediately forfeited as of the date of such breach.

D. Death while Employed. Except as provided in Item E below, if the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to the Recipient's death during the Performance Period or the Vesting Period, the Recipient shall vest in the same number of Earned Unvested Profits Interest Units as if the Recipient's death were a Qualifying Termination pursuant to Item B of this Vesting Schedule, except that the vesting there provided shall be accelerated to the later of the date of the Recipient's death or the last day of the Performance Period; provided however, that such vesting shall not occur if during the Applicable Period and before the date of death, the Recipient breached any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Earned Unvested Profits Interest Units that have not previously vested shall be immediately forfeited as of the date of such breach.

E. Change in Control. Notwithstanding Items A through D of this Vesting Schedule, if a Change in Control occurs on or after the Grant Date and on or before December 31, 2023, and (i) the Recipient remains an employee, director or consultant of the Company or an Affiliate during the entire Performance Period until the date of the Change in Control, or (ii) within sixty (60) days before the Change in Control, the Recipient incurs a Qualifying Termination or ceases services as an employee, director or consultant of the Company and all Affiliates due to the Recipient's death, the Recipient shall be 100% vested in, as of the date of the Change in Control:

1. if the Change in Control occurs on or before December 31, 2022, the number of Earned Unvested Profits Interest Units determined:

    a. in the TSR Chart if the applicable level of Total Shareholder Return for the full three year Performance Period (determined without regard to the shortening of the period as a result of the Change in Control) is achieved, or

    b. in the TSR Chart multiplied by a fraction, the numerator of which is the number of days elapsed in the Performance Period through the date of the Change in Control and the denominator of which is 1,095 (*i.e.,* 365 x 3), if the applicable level of Total Shareholder Return has been achieved based on annualized performance to the date of the Change in Control but not for the full three year Performance Period (determined without regard to the shortening of the period as a result of the Change in Control), or

    c. by interpolation between the numbers in clause (a) and (b) above if the applicable level of Total Shareholder Return has been exceeded based on performance to the date of the Change in Control but is less than the applicable level for the full three year Performance Period (determined without regard to the shortening of the period as a result of the Change in Control), or

2. if the Change in Control occurs after December 31, 2022, the number of Earned Unvested Profits Interest Units determined in the TSR Chart that were actually earned for the Performance Period which have not previously become Vested Profits Interest Units.

F. Voluntary Resignation or Cause Termination. Profits Interest Units which have not become Vested Profits Interest Units as of the Recipient's cessation of services as an employee, director, or consultant of the Company and all Affiliates, except as provided in Items B through E of this Vesting Schedule, shall be forfeited. Further, if (a) before a

Change in Control, the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to (I) the Recipient's voluntary resignation without Good Reason (and not due to Disability or Retirement) or (II) the termination of the Recipient's employment by the Company and its Affiliates for Cause, and (b) during the Applicable Period, the Recipient breaches the Restrictive Provisions or the Intellectual Property Agreement, the Board is permitted to require the Recipient to return to the Company any Profits Interest Units which vested within one year before the Recipient's cessation of services, or if such Profits Interest Units had been sold in an arm's length transaction or redeemed by the Recipient, the proceeds of such sale or redemption as determined by the Board. The amount of the recovery shall be determined without regard to any taxes paid by or withheld from the wages of the Recipient unless the Board shall determine otherwise.

G. General Forfeiture Provisions. Profits Interest Units which have not become Earned Unvested Profits Interest Units as of the last day of the Performance Period shall be forfeited. Profits Interest Units which have not become Vested Profits Interest Units as of the earliest of (i) December 31, 2023, (ii) except as provided in Items B through E of this Vesting Schedule, as of the Recipient's cessation of services as an employee, director, or consultant of the Company and all Affiliates, or (iii) the date provided in Item F, shall be forfeited, and once a forfeiture occurs no provision of this Vesting Schedule shall be construed to reinstate the forfeiture. The forfeitures and compensation recoveries provided for in this Agreement in connection with any breach during the Applicable Period by a Recipient of the Restrictive Provisions or the Intellectual Property Agreement shall not be the Company's sole remedy, and nothing in this Agreement limits the Company's right to seek damages, injunctive relief or other legal or equitable relief in case of any such breach; provided, however, if the Recipient is not a party to an employment agreement with the Company or an Affiliate as of the date of termination of employment and the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to a Qualifying Termination, the Company's sole remedy with respect to a breach by the Recipient during the Applicable Period of the Non-Competition Provisions will be the forfeiture provided in Item B of this Vesting Schedule; provided further, such limitation to the Company's remedies shall not apply to the Recipient's breach during the Applicable Period of the Non-Solicitation Provisions or the Intellectual Property Agreement.

H. Fractional Units. If any calculation in this Vesting Schedule results in a fractional number of Vested Profits Interest Units, the number of Vested Profits Interest Units shall be rounded to the closest whole number.

EXHIBIT 2

REPRESENTATIONS AND WARRANTIES OF THE RECIPIENT

In connection with the grant of the Profits Interest Units pursuant to the Agreement, the Recipient hereby represents and warrants to the Partnership that:

1. The Recipient is acquiring the Profits Interest Units for the Recipient's own account with the present intention of holding the Profits Interest Units for investment purposes and not with a view to distribute or sell the Profits Interest Units, except in compliance with federal securities laws or applicable securities laws of other jurisdictions;

2. The Recipient acknowledges that the Profits Interest Units have not been registered under the Securities Act of 1933 (the " **1933 Act**") or applicable securities laws of other jurisdictions and that the Profits Interest Units will be issued to the Recipient in reliance on exemptions from the registration requirements provided by Sections 3(b) or 4(2) of the 1933 Act and the rules and regulations promulgated thereunder and applicable securities laws of other jurisdictions and in reliance on the Recipient's representations and agreements contained herein;

3. The Recipient is an employee of the Partnership or an Affiliate;

4. The Recipient acknowledges that the Profits Interest Units are subject to the restrictions contained in the Limited Partnership Agreement, and the Recipient has received and reviewed a copy of the Limited Partnership Agreement;

5. The Recipient has had the opportunity to ask questions of and receive answers from the Partnership and any person acting on its behalf concerning the terms and conditions of the Profits Interest Units awarded hereunder and has had full access to such other information concerning the Partnership and its Affiliates as the Recipient may have requested in making the Recipient's decision to invest in the Profits Interest Units being issued hereunder;

6. The Recipient has such knowledge and experience in financial and business matters that the Recipient is capable of evaluating the merits and risks of the acquisition of the Profits Interest Units hereunder and the Recipient is able to bear the economic risk, if any, of such acquisition;

7. The Recipient has only relied on the advice of, or has consulted with, the Recipient's own legal, financial and tax advisors, and the determination of the Recipient to acquire the Profits Interest Units pursuant to this Agreement has been made by the Recipient independent of any statements or opinions as to the advisability of such acquisition or as to the properties, business, prospects or condition (financial or otherwise) of the Partnership or its Affiliates which may have been made or given by any other person or by any agent or employee of such person and independent of the fact that any other person has decided to become a holder of Profits Interest Units;

8. None of the Partnership or any of its Affiliates has made any representation or agreement to the Recipient with respect to the income tax consequences of the issuance, ownership or vesting of Profits Interest Units or the transactions contemplated by this Agreement (including without limitation the making of an election under Code Section 83(b)), and the Recipient is in no manner relying on the Partnership or any Affiliate or their representatives for an assessment of tax consequences to the Recipient. The Recipient is advised to consult with the Recipient's own tax advisor with respect to the tax consequences;

9. The Recipient is not acquiring the Profits Interest Units as a result of, or subsequent to, any publicly disseminated advertisement, article, sales literature, publication, broadcast or any public seminar or meeting or any solicitation nor is the Recipient aware of any offers made to other persons by such means;

10. The Recipient understands and agrees that if certificates representing the Profits Interest Units are issued, such certificates may bear such restrictive legends as the Partnership or its legal counsel may deem necessary or advisable under applicable law or pursuant to this Agreement;

11. The Profits Interest Units cannot be offered for sale, sold or transferred by the Recipient other than pursuant to: (i) an effective registration under the 1933 Act or in a transaction otherwise in compliance with the 1933 Act; and (ii) evidence satisfactory to the Partnership of compliance with the applicable securities laws of other jurisdictions. The Partnership shall be entitled to rely upon an opinion of counsel satisfactory to it with respect to compliance with the above laws;

12. The Partnership shall be under no obligation to register the Profits Interest Units or to comply with any exemption available for sale of the Profits Interest Units without registration or filing;

13.The Recipient represents that the Recipient is an “accredited investor” as that term is defined in Rule 501 of Regulation D of the 33 Act; specifically, either (a) the Recipient is an executive officer of the Partnership or of Omega Healthcare Investors, the general partner of the Partnership, or (b) the Recipient has (i) had an individual income in excess of $200,000 in each of the two most recent years or joint income with the Recipient’s spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year, or (ii) the Recipient’s net worth or joint net worth with the Recipient’s spouse (excluding the value of the Recipient’s primary residence), exceeds $1,000,000; and

14. The Recipient agrees to furnish any additional information requested to assure compliance with applicable securities laws in connection with the issuance or holding of Profits Interest Units. The Recipient acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with applicable federal and state laws. Notwithstanding anything to the contrary herein, the Plan shall be administered and the grant of Profits Interest Units is made only in such manner as to conform to such laws. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws. By execution below, the Recipient acknowledges that the Recipient has received a copy of the Agreement, the Limited Partnership Agreement and the Plan.

RECIPIENT

Signature | Date | Name

EXHIBIT 3
SECTION 83(b) ELECTION

The undersigned hereby elects to be taxed pursuant to Section 83(b) of the Internal Revenue Code of 1986 (the "Code") with respect to the property described below and supplies the following information in accordance with the regulations promulgated thereunder:

1. **The name, address and taxpayer identification number of the undersigned is:**

   «Recepient»

   ____

   ____

   Taxpayer I.D. No.: ____________________________

2. **Description of property with respect to which the election is being made:**

   «Profits_Interest_Units» Profits Interest Units of OHI Healthcare Properties Limited Partnership (the "**Profits Interest Units**," defined in the OHI Healthcare Properties Limited Partnership as "LTIP Units").

3. **The date on which the property was transferred:**

   The Profits Interest Units were transferred on January 1, 2020.

4. **The taxable year to which this election relates is calendar year 2020.**

5. **The nature of the restriction(s) to which the property is subject is:**

   The Profits Interest Units shall vest in increments on specified vesting dates or upon certain vesting events subsequent to the property transfer date, provided that the taxpayer continues to perform services for OHI Healthcare Properties Limited Partnership (the "**Partnership**") or an affiliate. In the event the taxpayer ceases to perform services for the Partnership and its affiliates under certain circumstances prior to the final vesting date, any unvested Profits Interest Units shall be forfeited back to the Partnership.

6. **Fair Market Value:**

   Because the Profits Interest Units constitute a profits interest, the grant of the interest is not taxable under Code Section 83 pursuant to Revenue Procedure 93-27 and Revenue Procedure 2001-43. Therefore, the taxpayer is reporting that the fair market value at the time of transfer (determined without regard to any restrictions other than restrictions which by their terms will never lapse) of the property with respect to which this election is being made as $0 per Profits Interest Unit.

7. **Amount paid for property:**

   The taxpayer did not pay for the Profits Interest Units.

8. **Furnishing statement to the person for whom services are performed:**

   A copy of this statement has been furnished to the Partnership.

By: Date: January __, 2020

FORM OF
RELATIVE TSR-BASED PERFORMANCE RESTRICTED STOCK UNITS AGREEMENT
PURSUANT TO
THE OMEGA HEALTHCARE INVESTORS, INC. 2018 STOCK INCENTIVE PLAN

THIS AGREEMENT (this "**Agreement**") is made as of the Grant Date, by and between Omega Healthcare Investors, Inc. (the "**Company**") and «Recipient» (the "**Recipient**").

Upon and subject to this Agreement (including the Terms and Conditions and the Exhibit which are attached hereto and incorporated herein as part of this Agreement) the Company hereby awards as of the Grant Date to the Recipient the opportunity to earn and vest in Restricted Stock Units (the "**Restricted Stock Units Grant**" or the "**Award**"). Underlined and capitalized captions in Items A through I below shall have the meanings therein ascribed to them. Other capitalized terms used in this Agreement are defined in Section 15 of the Terms and Conditions. Capitalized terms that are used but not defined in this Agreement shall have the meaning ascribed to them in the "Plan" (as defined below).

A. <u>Grant Date</u>: January 1, 2020.

B. <u>Plan (under which Restricted Stock Units Grant is granted)</u>: Omega Healthcare Investors, Inc. 2018 Stock Incentive Plan.

C. <u>Restricted Stock Units</u>: The Recipient shall have an opportunity to earn and vest in a maximum of «Restricted_Stock_Units» Restricted Stock Units, each of which represents the contingent right of the Recipient to earn and vest in up to the same number of shares of the Company's common stock ("**Common Stock**"), subject to adjustment as provided in the Terms and Conditions.

D. <u>Vesting Schedule</u>: The Restricted Stock Units shall be earned and vest according to <u>Exhibit 1</u> (the "**Vesting Schedule**"). The Restricted Stock Units which have become vested pursuant to the Vesting Schedule are herein referred to as the "**Vested Stock Units**." Each Vested Stock Unit represents the Company's unsecured obligation to issue one share of Common Stock.

E. <u>Distribution Date of Vested Shares</u>. Shares of Common Stock attributable to Vested Stock Units ("**Vested Shares**") shall be issued and distributed within (10) business days following each vesting event or upon the date of a Change in Control, whichever is earlier, subject in either case to receipt from the Recipient of the required tax withholding and Section 13 of the Terms and Conditions. Notwithstanding the foregoing, distribution shall be deferred to the extent provided in any deferral agreement between the Recipient and the Company as a result of the Recipient's valid deferral election.

F. <u>Dividend Equivalents</u>. Each Restricted Stock Unit shall accrue Dividend Equivalents, an amount equal to the dividends paid on one share of Common Stock to a shareholder of record on or after January 1, 2020 and until the date that the shares of Common Stock attributable to the Vested Stock Units are issued or the Restricted Stock Units are forfeited.

G. Distribution Dates of Dividend Equivalents. Subject to tax withholding up to the maximum statutory rates, accrued Dividend Equivalents attributable to Restricted Stock Units which become Earned Unvested Restricted Units (as defined in Exhibit 1) shall be distributed to the Recipient within twenty (20) business days following the last day of the Performance Period, and thereafter, future Dividend Equivalents on Earned Unvested Restricted Units and Vested Stock Units shall be distributed to Recipient on the same date on the same date that the related dividends are paid to shareholders of record. Notwithstanding the foregoing or any other provision hereof, distribution of Dividend Equivalents shall be deferred to the extent provided in any deferral agreement between the Recipient and the Company as a result of the Recipient's valid deferral election and shall be paid in the form provided in such agreement. Dividend Equivalents on Restricted Stock Units which do not become Earned Unvested Restricted Units are forfeited.

H. Non-Competition Provisions: The Recipient acknowledges that if the Recipient is subject to any provisions then in effect in the employment agreement between the Recipient and the Company or an Affiliate that limit the ability of the Recipient to enter into competition with the Company or its Affiliates or to work for a business which is in a similar business to that of the Company or of an Affiliate, the Recipient will abide by such provisions. Further, the Recipient agrees that if there is no such employment agreement or there are no such provisions in the employment agreement, during the Applicable Period, the Recipient will not (except on behalf of or with the prior written consent of the Company, which consent may be withheld in Company's sole discretion), within the Area, on the Recipient's own behalf, or in the service of or on behalf of others, and whether as an employee, a consultant or otherwise, provide managerial services or management consulting services substantially similar to those the Recipient provides for the Company or an Affiliate to any Competing Business. As of the Grant Date, the Recipient acknowledges and agrees that the Recipient provides services to the Company throughout the Area.

I. Non-Solicitation Provisions: The Recipient acknowledges that if the Recipient is subject to any provisions then in effect in the employment agreement between the Recipient and the Company or an Affiliate that limit the ability of the Recipient to solicit clients or employees of the Company or its Affiliates, the Recipient will abide by such provisions. Further, the Recipient agrees that if there is no such employment agreement or there are no such provisions in the employment agreement, during the Applicable Period, the Recipient will not, on the Recipient's own behalf or in the service of or on behalf of others:

(i) solicit any individual or entity which is an actual client of the Company or any of its Affiliates as of the Determination Date with whom the Recipient had direct material contact while the Recipient was an employee of the Company or an Affiliate, for the purpose of offering services substantially similar to those offered by the Company or an Affiliate, or

(ii) solicit for employment with a Competing Business any person who is a management level employee of the Company or an Affiliate with whom the Recipient had contact during the then most recent year of the Recipient's employment with the Company or an Affiliate.

The Recipient shall not be deemed to be in breach of Item I(ii) solely because an employer for whom the Recipient performs services solicits, diverts, or hires a management level employee of the Company or an Affiliate, provided that the Recipient does not engage in the activity proscribed by Item I(ii).

J. Acknowledgement: The Recipient acknowledges and agrees that the Recipient's agreement to and compliance with the provisions of this Agreement, including without limitation Item H and Item I above, are conditions to the effectiveness of the grant of the Award, and further acknowledges and agrees that the Recipient's noncompliance with Item H or Item I above can result in a forfeiture and/or recovery of all or part of the Award to the extent provided in the Vesting Schedule. The Recipient also acknowledges and agrees that the forfeitures and compensation recoveries provided for in this Agreement in connection with any breach during the Applicable Period by the Recipient of the Restrictive Provisions or the Intellectual Property Agreement shall not be the Company's sole remedy, and nothing in this Agreement limits the Company's right to seek damages, injunctive relief or other legal or equitable relief in case of any breach during the Applicable Period by the Recipient of the Restrictive Provisions or the Intellectual Property Agreement, except to the extent provided otherwise in the last paragraph of the Vesting Schedule. In the event that any provision of this Agreement is determined by a court which has jurisdiction to be unenforceable in part or in whole, the court shall be deemed to have the authority to strike or sever any unenforceable provision, or any part thereof or to revise any provision to the minimum extent necessary to render the provision reasonable and then to enforce the provision to the maximum extent permitted by law.

IN WITNESS WHEREOF, the Company and the Recipient have executed and agree to be bound by this Agreement as of the Grant Date set forth above.

OMEGA HEALTHCARE INVESTORS, INC.

By:

Title:

THE RECIPIENT

By:

Name: «Recipient»

TERMS AND CONDITIONS TO THE
RELATIVE TSR-BASED PERFORMANCE RESTRICTED STOCK UNITS AGREEMENT
PURSUANT TO
THE OMEGA HEALTHCARE INVESTORS, INC. 2018 STOCK INCENTIVE PLAN

1. Vested Stock Units. The Company shall issue in book entry form in the name of the Recipient, or issue and deliver to the Recipient a share certificate representing, the Vested Shares on the Distribution Date of Vested Shares.

2. Tax Withholding, Dividends Equivalents. Payment of Dividend Equivalents is subject to required tax withholding.

3. Tax Withholding, Shares.

(a) The minimum required amount of the tax withholding obligations imposed on the Company, or at the Company's discretion if tax withholding is required, tax withholding up to the maximum statutory rates, by reason of the issuance of the Vested Shares shall be satisfied by reducing the actual number of Vested Shares by the number of whole shares of Common Stock which, when multiplied by the Fair Market Value of the Common Stock on the Distribution Date of Vested Shares, is sufficient, together with cash in lieu of any fractional share, to satisfy such tax withholding, assuming that (i) the Recipient does not make a valid election to satisfy tax withholding in cash pursuant to Subsection (b), and (ii) the Committee does not determine that tax withholding will be required to be satisfied in another manner.

(b) However, the Recipient may elect in writing by notice to the Company received at least ten (10) days before the earliest Distribution Date of Vested Shares to satisfy such tax withholding obligation in cash by the earliest Distribution Date of Vested Shares, as provided in Subsection (a)(i). If the Recipient fails to timely satisfy payment of the cash amount, then Subsection (a) shall apply.

(c) To the extent that the Recipient is required to satisfy the tax withholding obligation in this Section in cash, the Company shall withhold the cash from any cash payments then owed to the Recipient, or if none, the Recipient shall timely remit the cash amount.

(d) If the Recipient does not timely satisfy payment of the tax withholding obligation, the Recipient will forfeit the Vested Shares.

4. Restrictions on Transfer of Restricted Stock Units. Except for the transfer of any Restricted Stock Units by bequest or inheritance, the Recipient shall not have the right to make or permit to exist any transfer or hypothecation, whether outright or as security, with or without consideration, voluntary or involuntary, of all or any part of any right, title or interest in or to any Restricted Stock Units. Any such disposition not made in accordance with this Agreement shall be deemed null and void. Any permitted transferee under this Section shall be bound by the terms of this Agreement.

5. Change in Capitalization.

(a) The number and kind of shares issuable under this Agreement shall be proportionately adjusted for non-reciprocal transactions between the Company and the holders of Common Stock that cause the per share value of the shares of Common Stock subject to this Award to change, such as a stock dividend, stock split, spinoff, or rights offering (each an " **Equity Restructuring**"). No fractional shares shall be issued in making such adjustment.

(b) In the event of a merger, consolidation, reorganization, extraordinary dividend, spin-off, sale of substantially all of the Company's assets, other change in capital structure of the Company, tender offer for shares of Common Stock, or a Change in Control, that in each case does not constitute an Equity Restructuring, the Committee shall take such action to make such adjustments with respect to the Restricted Stock Units as the Committee, in its sole discretion, determines in good faith is necessary or appropriate and as is permitted by the Plan, including, without limitation, adjusting the number and class of securities subject to the Award, substituting other securities, property or cash to replace the Award, all as determined in good faith by the Committee to have equivalent value to the Award, removing restrictions on the Award, or terminating the Award in exchange for the cash value determined in good faith by the Committee. Any adjustment pursuant to this Section may provide, in the Committee's discretion, for the elimination without payment of any fractional shares that might otherwise be subject to the Award, but except as set forth in this Subsection and the Plan may not otherwise diminish the then value of the Award.

(c) All determinations and adjustments made by the Committee pursuant to this Section will be final and binding on the Recipient. Any action taken by the Committee need not treat all recipients of awards under the Plan equally.

(d) The existence of the Plan and the Restricted Stock Units Grant shall not affect the right or power of the Company to make or authorize any adjustment, reclassification, reorganization or other change in its capital or business structure, any merger or consolidation of the Company, any issue of debt or equity securities having preferences or priorities as to the Common Stock or the rights thereof, the dissolution or liquidation of the Company, any sale or transfer of all or part of its business or assets, or any other corporate act or proceeding.

6. Governing Laws. This Award shall be construed, administered and enforced according to the laws of the State of Maryland; provided, however, no Vested Shares shall be issued except, in the reasonable judgment of the Committee, in compliance with exemptions under applicable state securities laws of the state in which Recipient resides, and/or any other applicable securities laws.

7. Successors. This Agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, successors, and permitted assigns of the parties.

8. Notice. Except as otherwise specified herein, all notices and other communications under this Agreement shall be in writing and shall be deemed to have been given if personally delivered or if sent by registered or certified United States mail, return receipt requested, postage

prepaid, addressed to the proposed recipient at the last known address of the Recipient. Any party may designate any other address to which notices shall be sent by giving notice of the address to the other parties in the same manner as provided herein.

9. Severability. In the event that any one or more of the provisions or portion thereof contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, the same shall not invalidate or otherwise affect any other provisions of this Agreement, and this Agreement shall be construed as if the invalid, illegal or unenforceable provision or portion thereof had never been contained herein.

10. Entire Agreement. This Agreement, together with the terms and conditions set forth in the Plan, expresses the entire understanding and agreement of the parties with respect to the subject matter. In the event of a conflict between the terms of the Plan and this Agreement, the Plan shall govern.

11. Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the party or parties who are thereby aggrieved shall have the right to specific performance and injunction in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative.

12. No Right to Continued Retention. Neither the establishment of the Plan nor the Award shall be construed as giving Recipient the right to continued service with the Company or an Affiliate.

13. Tax Effects under 409A. It is intended that the Award under this Agreement will be exempt from or comply with Section 409A of the Internal Revenue Code (the "**Code**"). All provisions of this Agreement shall be construed consistent with that intent. If and to the extent that the Award does not qualify for an exemption from Code Section 409A, whether as a short-term deferral pursuant to Treas. Regs. Section 1.409A-1(b)(4) or otherwise, notwithstanding any other provision of this Agreement, payment shall be made only in accordance with Code Section 409A, such that if payment is being made as a result of the Recipient's termination of employment or other cessation of services, that shall be construed to require a "separation from service" as defined under Code Section 409A and payment will be delayed for any "specified employee" as defined under Code Section 409A to the extent required to comply with Code Section 409A(a)(2)(B)(i). The Company does not guarantee to the Recipient that the Award will not be subject to tax under 409A, and if it is, the Recipient shall be solely responsible for such tax.

14. Headings. Except as otherwise provided in this Agreement, headings used herein are for convenience of reference only and shall not be considered in construing this Agreement.

15. Definitions. As used in this Agreement:

"**Affiliate**" means any person, firm, corporation, partnership, association or entity that, directly or indirectly or through one or more intermediaries, controls, is controlled by or is under common control with the Company.

"**Applicable Period**" means:

(a) as to the Restrictive Provisions,

(i) the period of time that the Restrictive Provisions are in effect in accordance with the terms of the employment agreement then in effect between the Recipient and the Company or an Affiliate, or

(ii) if there is no such employment agreement or there are no such provisions in the employment agreement, the period of the Recipient's employment with the Company or an Affiliate, and with respect to the Non-Solicitation Provisions, twelve (12) months thereafter, and with respect to the Non-Competition Provisions, six (6) months thereafter; and

(b) as to the Intellectual Property Agreement, the period of time that any breach of such agreement would be actionable by the Company or an Affiliate pursuant to the terms of such agreement.

"**Area**" means the states, areas and countries in which the Company or any of its Affiliates owns, acquires, develops, invests in, leases, finances the ownership of, or finances the operation of any skilled nursing facilities, senior housing, long-term care facilities, assisted living facilities, or other residential healthcare-related real estate.

"**Beginning Stock Price**" means the average closing price per share of Common Stock for the months of November and December 2019 on the exchange on which Common Stock is traded, which is «Beginning_Stock_Price».

"**Below Threshold Relative TSR**" means that Relative Total Shareholder Return is less than -300 basis points.

"**Board**" means the Board of Directors of the Company.

"**Business of the Company**" means any business with the primary purpose of leasing assets to healthcare operators, or financing the ownership of or financing the operation of skilled nursing facilities, senior housing, long-term care facilities, assisted living facilities, or other residential healthcare-related real estate.

"**Cause**" shall have the meaning set forth in the employment agreement then in effect between the Recipient and the Company or an Affiliate, or, if there is none, then Cause shall mean the occurrence of any of the following events:

(a) willful refusal by the Recipient to follow a lawful direction of any person to whom the Recipient reports or the Chief Executive Officer of the Company, provided the direction is not materially inconsistent with the duties or responsibilities of the Recipient's position with the Company or an Affiliate, which refusal continues after such person or the Chief Executive Officer of the Company has again given the direction in writing;

(b) willful misconduct or reckless disregard by the Recipient of the Recipient's duties or with respect to the interest or material property of the Company or an Affiliate;

(c) material breach by the Recipient of any of the Restrictive Provisions;

(d) material breach by the Recipient of any provision of the Intellectual Property Agreement;

(e) any act by the Recipient of fraud against, material misappropriation from or significant dishonesty to either the Company or an Affiliate, or any other party, but in the latter case only if in the reasonable opinion of the Chief Executive Officer of the Company, such fraud, material misappropriation, or significant dishonesty could reasonably be expected to have a material adverse impact on the Company or its Affiliates; or

(f) commission by the Recipient of a felony as reasonably determined by the Chief Executive Officer of the Company.

"**Change in Control**" means any one of the following events which occurs following the Grant Date:

(a) the acquisition within a twelve (12) month period, directly or indirectly, by any "person" or "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than the Company or any employee benefit plan of the Company or an Affiliate, or any corporation or other entity pursuant to a reorganization, merger or consolidation, of equity securities of the Company that in the aggregate represent thirty percent (30%) or more of the total voting power of the Company's then outstanding equity securities;

(b) the acquisition, directly or indirectly, by any "person" or "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than the Company or any employee benefit plan of the Company or an Affiliate, or any corporation or other entity pursuant to a reorganization, merger or consolidation of equity securities of the Company, resulting in such person or persons holding equity securities of the Company that, together with equity securities already held by such person or persons, in the aggregate represent more than fifty percent (50%) of the total fair market value or total voting power of the Company's then outstanding equity securities;

(c) individuals who as of the date hereof, constitute the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board;

(d) a reorganization, merger or consolidation, with respect to which persons who were the holders of equity securities of the Company immediately prior to such reorganization, merger or consolidation, immediately thereafter, own equity securities of

the surviving entity representing less than fifty percent (50%) of the combined ordinary voting power of the then outstanding voting securities of the surviving entity; or

(e) the acquisition within a twelve (12) month period, directly or indirectly, by any "person" or "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than any corporation or other entity pursuant to a reorganization, merger or consolidation, of assets of the Company that have a total gross fair market value equal to or more than eighty-five percent (85%) of the total gross fair market value of all of the assets of the Company immediately before such acquisition.

Notwithstanding the foregoing, no Change in Control shall be deemed to have occurred for purposes of this Agreement (i) unless the event also constitutes a "change in the ownership or effective control of the corporation or in the ownership of a substantial portion of the assets of the corporation" within the meaning of Code Section 409A(a)(2)(v), or (ii) by reason of any actions or events in which the Recipient participates in a capacity other than in his capacity as an officer, employee, or director of the Company or an Affiliate.

"**Competing Business**" means any person, firm, corporation, joint venture, or other business that is engaged in the Business of the Company.

"**Determination Date**" means with respect to determining compliance with a covenant of this Agreement (a) while the Recipient remains employed by the Company or an Affiliate, the date as of which compliance is being determined, and (b) after the Recipient's termination of employment, the date of the Recipient's termination of employment.

"**Ending Stock Price**" means the average closing price per share of Common Stock for the months of November and December 2022 on the exchange on which Common Stock is traded, unless a Change in Control occurs on or before December 31, 2022, in which case the term means the value per share determined as of the date of the Change in Control, such value to be determined by the Committee in its reasonable discretion based on the actual or implied price per share paid in the Change in Control transaction.

"**Ending Value of Reinvested Dividends**" means the dollar amount equal to the Ending Stock Price multiplied by the total number of shares hypothetically purchased with the dividends declared to a shareholder of record during the Performance Period, assuming that each dividend is re-invested in Common Stock at the closing price per share on the last business day before the ex-dividend date. For purposes of this calculation, the dividends declared to a shareholder of record during the Performance Period will initially be calculated on one share of Common Stock beginning as of the first dividend declaration date during the Performance Period, and as of each dividend declaration date during the Performance Period thereafter, the dividends will be calculated with respect to the sum of one share of Common Stock plus the cumulative number of shares of Common Stock hypothetically purchased prior to such dividend declaration date. The "Ending Value of Reinvested Dividends" can also be expressed as the following formula:

Ending Value of Reinvested Dividends = (Ending Stock Price x Total Number of Shares Hypothetically Purchased with Reinvested Dividends)

Total Number of Shares Hypothetically Purchased with Reinvested Dividends = Number of Shares Hypothetically Purchased with First Reinvested Dividend + the sum of the Number of Shares Hypothetically Purchased with each Subsequent Reinvested Dividend

Number of Shares Hypothetically Purchased with First Reinvested Dividend = (dividend declared to a shareholder of record during the Performance Period calculated on one share of Common Stock as of the first dividend declaration date during such period)/(closing price per share of Common Stock on the last business day before the ex-dividend date)

Number of Shares Hypothetically Purchased with each Subsequent Reinvested Dividend = (each dividend declared to a shareholder of record after the first dividend declaration date during the Performance Period calculated on the sum of the one share of Common Stock beginning as of the first dividend declaration date + the number of shares hypothetically purchased with reinvested dividends before such subsequent dividend declaration date)/(closing price per share of Common Stock on the last business day before the related ex-dividend date)

"**Good Reason**" shall have the meaning set forth in the employment agreement then in effect between the Recipient and the Company or an Affiliate, or, if there is none, then Good Reason shall mean the occurrence of an event listed in (a) through (c) below:

(a) the Recipient experiences a material diminution of the Recipient's responsibilities of the Recipient's position, as reasonably modified by any person to whom the Recipient reports or the Chief Executive Officer of the Company from time to time, such that the Recipient would no longer have responsibilities substantially equivalent to those of other employees holding equivalent positions at companies with similar revenues and market capitalization;

(b) the Company or the Affiliate which employs the Recipient reduces the Recipient's annual base salary or annual bonus opportunity at high, target or threshold performance as a percentage of annual base salary; or

(c) the Company or the Affiliate which employs the Recipient requires the Recipient to relocate the Recipient's primary place of employment to a new location that is more than fifty (50) miles from its current location (determined using the most direct driving route), without the Recipient's consent;

provided however, as to each event in Subsection (a) through (c),

(i) the Recipient gives written notice to the Company within ten (10) days following the event or receipt of notice of the event of the Recipient's objection to the event;

(ii) the Company or the Affiliate which employs the Recipient fails to remedy the event within ten (10) days following the Recipient's written notice; and

(iii) the Recipient terminates his employment within thirty (30) days following the Company's and the Affiliate's failure to remedy the event.

"**High Relative TSR**" means that Relative Total Shareholder Return is +300 basis points or more.

"**Intellectual Property Agreement**" means that certain agreement entitled "Intellectual Property Agreement" previously entered into between the Company and the Recipient.

"**Non-Competition Provisions**" means the provisions under the title "Non-Competition Provisions" heading in Item H above of this Agreement.

"**Non-Solicitation Provisions**" means the provisions under the title "Non-Solicitation Provisions" heading in Item I above of this Agreement.

"**Performance Period**" means the period from and including January 1, 2020 through the earlier of December 31, 2022 or the date of a Change in Control.

"**Relative Total Shareholder Return**" means Total Shareholder Return expressed as a positive or negative number of basis points relative to the total shareholder return reported for the FTSE NAREIT Equity Health Care Index (the FACTSET identifier of which is FN11XXXX (the "**Index**")) for the Performance Period. For this purpose, the total shareholder return for the Index shall be calculated using methodologies analogous in all material respects to those used for the calculation of Total Shareholder Return, and the average closing price per share for the November and December at the end, and before the beginning, of the Performance Period shall also be used for calculating total shareholder return for the Index.

"**Restrictive Provisions**" means the Non-Competition Provisions and the Non-Solicitation Provisions.

"**Retirement**" means voluntary resignation by a Recipient after having reached at least age sixty-two (62) and having performed at least ten (10) years of service with the Company, any subsidiary and/or any company that is acquired directly or indirectly by the Company. In addition, a Recipient must give at least six (6) months prior written notice of resignation for such voluntary resignation to qualify as "Retirement." The Recipient may give the required notice before satisfying the age and service requirements for Retirement, provided the Recipient satisfies the age and service requirements as of the effective date of Retirement.

"**Target Relative TSR**" means that Relative Total Shareholder Return is +50 basis points.

"**Threshold Relative TSR**" means that Relative Total Shareholder Return is -300 basis points.

"**Total Shareholder Return**" means the compound annual growth rate (also known as "CAGR"), expressed as a percentage, of an investment in one share of Common Stock over the

Performance Period, based on the Ending Stock Price plus the Ending Value of Reinvested Dividends, as compared to the Beginning Stock Price, and using the following formula:

(((Ending Stock Price + Ending Value of Reinvested Dividends)/Beginning Stock Price)^(1/3)) – 1

"**Vesting Period**" means the period beginning on the day after the last day of the Performance Period and ending December 31, 2023; provided however, that if a Change in Control occurs during or before such period, the last day of the Vesting Period same be deemed to be the date of the Change in Control.

EXHIBIT 1

VESTING SCHEDULE

A. <u>Active Employee</u>: The number of Restricted Stock Units is set forth under the heading "High Relative TSR" in the Relative TSR Chart below and represents the maximum potential number of units that can be earned. Except as provided in the remainder of this Vesting Schedule, the number of Restricted Stock Units that is earned (the "**Earned Unvested Restricted Units**") is determined as of the last day of the Performance Period based on the level of Relative Total Shareholder Return attained for the Performance Period as shown in Relative TSR Chart set forth below and the Recipient shall vest in twenty-five percent (25%) of the Earned Unvested Restricted Units, which shall then become Vested Stock Units, as of the last day of each calendar quarter during the Vesting Period only if the Recipient remains an employee, director or consultant of the Company or an Affiliate during the entire Performance Period and through the last day of such calendar quarter.

"**Relative TSR Chart**"

Below Threshold Relative TSR	*Threshold Relative TSR	*Target Relative TSR	*High Relative TSR
Zero Earned Unvested Restricted Units	«Threshold_Relative_TSR»	«Target_Relative_TSR»	«Restricted_Stock_Units»

* If Relative Total Shareholder Return falls between Threshold Relative TSR and Target Relative TSR or between Target Relative TSR and High Relative TSR, the number of Earned Unvested Restricted Units under the Relative TSR Chart shall be determined by linear interpolation.

Notwithstanding the forgoing, if during the Applicable Period and while the Recipient remains an employee, director or consultant of the Company or an Affiliate, the Recipient breaches the Restrictive Provisions or the Intellectual Property Agreement, the Board is permitted to require the Recipient to return to the Company any Common Stock issued within one year before the breach that was attributable to Vested Stock Units,or if such Common Stock had been sold in an arm's length transaction by the Recipient, the proceeds of such sale as determined by the Board. The amount of the recovery shall be determined without regard to any taxes paid by or withheld from the wages of the Recipient unless the Board shall determine otherwise. Any subsequent provision of this Vesting Schedule providing for vesting in the specified circumstances shall not override the compensation recovery provisions of this Item A.

B. Disability, Good Reason or without Cause Termination or Retirement Except as provided in Item E below, if, the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to the Recipient's Disability, the Recipient's resignation from the Company and all Affiliates for Good Reason, or the termination of the Recipient's employment by the Company and its Affiliates without Cause or the Recipient ceases services as an employee of the Company and all Affiliates due to Retirement (each such event referred to as a "**Qualifying Termination**"):

(i) during the Performance Period, the Recipient shall vest on the same dates as if the Recipient were to remain an employee of the Company or an Affiliate through the last day of the Vesting Period (the "**Applicable Vesting Dates**") in the same number of Earned Unvested Restricted Units as if the Recipient were to remain an employee of the Company or an Affiliate through the last day of the Vesting Period, but multiplied by a fraction, the numerator of which is the number of days elapsed in the Performance Period through the date of such event and the denominator of which is 1,095 (*i.e.,* 365 x 3), or

(ii) during the Vesting Period, the Recipient shall vest on each Applicable Vesting Date in the same number of Earned Unvested Restricted Units as if the Recipient were to remain an employee of the Company or an Affiliate through the last day of the Vesting Period.

; provided however, that the vesting provided in clause (i) or (ii) above shall not occur if before the earlier of the Applicable Vesting Date or the end of the Applicable Period, the Recipient breaches any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Earned Unvested Restricted Units that have not previously vested and been paid in Vested Shares shall be immediately forfeited as of the date of such breach.

C. Death after Qualifying Termination. Except as provided in Item E below, if Item B of this Vesting Schedule applies and the Recipient thereafter dies before the date that all vesting occurs that is provided for pursuant to Item B, then the vesting there provided shall be accelerated to the later of the date of the Recipient's death or the last day of the Performance Period; provided however, that such vesting shall not occur if during the Applicable Period and before the date of death, the Recipient breached any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Earned Unvested Restricted Units that have not previously vested and been paid in Vested Shares shall be immediately forfeited as of the date of such breach.

D. Death while Employed. Except as provided in Item E below, if the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to the Recipient's death during the Performance Period or the Vesting Period, the Recipient shall vest in the same number of Earned Unvested Restricted Units as if the Recipient's death were a Qualifying Termination pursuant to Item B of this Vesting Schedule, except that the vesting there provided shall be accelerated to the later of the date of the Recipient's death or the last day of the Performance Period; provided however, that such vesting shall not occur if during the Applicable Period and before the date of death, the Recipient breached any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Earned Unvested Restricted Units that have not previously vested and been paid in Vested Shares shall be immediately forfeited as of the date of such breach.

E. Change in Control. Notwithstanding Items A through D of this Vesting Schedule, if a Change in Control occurs on or after the Grant Date and on or before December 31, 2023, and (i) the Recipient remains an employee, director or consultant of the Company or an Affiliate during the entire Performance Period until the date of the Change in Control, or (ii) within sixty (60) days before the Change in Control, the Recipient incurs a Qualifying Termination or ceases services as an employee, director or consultant of the Company and all Affiliates due to the Recipient's death, the Recipient shall be 100% vested in, as of the date of the Change in Control:

1. if the Change in Control occurs on or before December 31, 2022, the number of Earned Unvested Restricted Units determined from the Relative TSR Chart based on the level of Relative Total Shareholder Return achieved for the Performance Period through the date of the Change in Control, or

2. if the Change in Control occurs after December 31, 2022, the number of Earned Unvested Restricted Units determined in the Relative TSR Chart that were actually earned for the Performance Period which have not previously become Vested Stock Units.

F. Voluntary Resignation or Cause Termination. Restricted Stock Units which have not become Vested Stock Units as of the Recipient's cessation of services as an employee, director, or consultant of the Company and all Affiliates, except as provided in Items B through E of this Vesting Schedule, shall be forfeited. Further, if (a) before a Change in Control, the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to (I) the Recipient's voluntary resignation without Good Reason (and not due to Disability or Retirement) or (II) the termination of the Recipient's employment by the Company and its Affiliates for Cause, and (b) during the Applicable Period, the Recipient breaches the Restrictive Provisions or the Intellectual Property Agreement, the Board is permitted to require the Recipient to return to the Company any Common Stock issued within one year before the Recipient's cessation of services that was attributable to Vested Stock Units, or if such Common Stock had been sold in an arm's length transaction by the Recipient, the proceeds of such sale as determined by the Board. The amount of the recovery shall be determined without regard to any taxes paid by or withheld from the wages of the Recipient unless the Board shall determine otherwise.

G. General Forfeiture Provisions. Restricted Stock Units which have not become Earned Unvested Restricted Units as of the last day of the Performance Period shall be forfeited. Restricted Stock Units which have not become Vested Stock Units as of the earliest of (i) December 31, 2023, (ii) except as provided in Items B through E of this Vesting Schedule, as of the Recipient's cessation of services as an employee, director, or consultant of the Company and all Affiliates, or (iii) the date provided in Item F, shall be forfeited, and once a forfeiture occurs no provision of this Vesting Schedule shall be construed to reinstate the forfeiture. The forfeitures and compensation recoveries provided for in this Agreement in connection with any breach during the Applicable Period by a Recipient of the Restrictive Provisions or the Intellectual Property Agreement shall not be the Company's sole remedy, and nothing in this Agreement limits the Company's right to seek damages, injunctive relief or other legal or equitable relief in case of any such breach; provided, however, if the Recipient is not a party to an employment agreement with the Company or an Affiliate as of the date of termination of employment and the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to a Qualifying Termination, the Company's sole remedy with respect to a breach by the Recipient during the Applicable Period of the Non-Competition Provisions will be the forfeiture provided in Item B of this Vesting Schedule; provided further, such limitation to the Company's remedies shall not apply to the Recipient's breach during the Applicable Period of the Non-Solicitation Provisions or the Intellectual Property Agreement.

H. Fractional Units. If any calculation in this Vesting Schedule results in a fractional number of Vested Stock Units, the number of Vested Stock Units shall be rounded to the closest whole number.

FORM OF
RELATIVE TSR-BASED PERFORMANCE PROFITS INTEREST UNITS AGREEMENT
PURSUANT TO
THE OMEGA HEALTHCARE INVESTORS, INC. 2018 STOCK INCENTIVE PLAN

THIS AGREEMENT (this "**Agreement**") is made as of the Grant Date, by and between OHI Healthcare Properties Limited Partnership (the "**Partnership**"), a limited partnership controlled by, and an Affiliate (as defined below) of, Omega Healthcare Investors, Inc. (Omega Healthcare Investors, Inc. is hereafter referred to as the "**Company**") and «Recepient» (the "**Recipient**").

Upon and subject to this Agreement (including the Terms and Conditions and the Exhibits which are attached hereto and incorporated herein as part of this Agreement) and the Limited Partnership Agreement (as defined herein), the Partnership hereby awards as of the Grant Date to the Recipient the number of Profits Interest Units set forth below (the "**Profits Interest Units Grant**" or the "**Award**"). Underlined and capitalized captions in Items A through G below shall have the meanings therein ascribed to them. Other capitalized terms used in this Agreement are defined in Section 16 of the Terms and Conditions. Capitalized terms that are used but not defined in this Agreement shall have the meaning ascribed to them in the "Plan" (as defined below).

A. Grant Date: January 1, 2020.

B. Plan: (under which Profits Interest Units Grant is granted): Omega Healthcare Investors, Inc. 2018 Stock Incentive Plan.

C. Profits Interest Units: «Profits_Interest_Units» Profits Interest Units. "**Profits Interest Units**" has the same meaning as "**LTIP Units**" as defined in the Limited Partnership Agreement, and each Profits Interest Unit represents, on the Grant Date, one "**Unvested Profits Interest Unit**," which is one "**Unvested LTIP Unit**" as defined in and pursuant to the Limited Partnership Agreement, subject to adjustment as provided in the attached Terms and Conditions, and also represents the Partnership's unsecured obligation to issue to the Recipient distributions described in Item E below.

D. Vesting Schedule: The Recipient shall become vested in a number of Profits Interest Units as and when determined pursuant to Exhibit 1. The Profits Interest Units which have become vested pursuant to the Vesting Schedule are herein referred to as the "**Vested Profits Interest Units.**"

E. Distributions: The "**LTIP Unit Distributions Participation Date**" attributable to Profits Interest Units as defined in and pursuant to Section 15.4 of the Limited Partnership Agreement shall be January 1, 2020; provided, however, that until any of the Profits Interest Units become "**Earned Unvested Profits Interest Units**" the Recipient shall receive a distribution when paid to holders of "**LP Units**" (as defined in the Limited Partnership Agreement) of an amount per Profits Interest Unit (the "**Interim Distribution per Profits Interest Unit**"), and an allocation of "**Net Income and Net Loss**" (as defined in the Limited Partnership Agreement) per Profits Interest Unit, equal to (i) 10% of the regular periodic distributions per LP Unit paid by the Partnership to LP Unit holders and a corresponding percentage allocation of Net Income and Net Loss attributable to the regular periodic distributions per LP Unit and (ii) 0% of the special distributions and other distributions not made in the ordinary course per LP Unit paid by the Partnership to LP Unit holders and a corresponding 0% allocation of Net Income and Net Loss attributable to the special distributions and other distributions per LP Unit not made in the ordinary course. As to all Profits Interest Units that become Earned Unvested Profits Interest Units, the Recipient shall receive within twenty (20) business days after the date they become Earned Unvested Profits Interest Units, a distribution from the Partnership per Earned Unvested Profits Interest Unit and a corresponding allocation of Net Income and Net Loss per Earned Unvested Profits Interest Unit equal to the excess of (x) the amount of distributions from the Partnership that would have been paid per Profits Interest Unit if the Profits Interest Unit had been an LP Unit on January 1, 2020 (determined without regard to this Item E) over (y) the Interim Distribution per Profits Interest Unit. In addition, with respect to distributions and allocations of Net Income and Net Loss that accrue following the date that any Profits Interest Units become Earned Unvested Profits Interest Units or Vested Profits Interest Units, the Recipient shall receive with respect to each Earned Unvested Profits Interest Unit and each Vested Profits Interest Unit distributions and allocations of Net Income and Net Loss pursuant to the Limited Partnership Agreement determined without regard to the adjustments in this Item E.

F. Non-Competition Provisions: The Recipient acknowledges that if the Recipient is subject to any provisions then in effect in the employment agreement between the Recipient and the Company or an Affiliate that limit the ability of the Recipient to enter into competition with the Company or its Affiliates or to work for a business which is in a similar business to that of the Company or of an Affiliate, the Recipient will abide by such provisions. Further, the Recipient agrees that if there is no such employment agreement or there are no such provisions in the employment agreement, during the Applicable Period, the Recipient will not (except on behalf of or with the prior written consent of the Company, which consent may be withheld in Company's sole discretion), within the Area, on the Recipient's own behalf, or in the service of or on behalf of others, and whether as an employee, a consultant or otherwise, provide managerial services or management consulting services substantially similar to those the Recipient provides for the Company or an Affiliate to any Competing Business. As of the Grant Date, the Recipient acknowledges and agrees that the Recipient provides services to the Company throughout the Area.

G. Non-Solicitation Provisions: The Recipient acknowledges that if the Recipient is subject to any provisions then in effect in the employment agreement between the Recipient and the Company or an Affiliate that limit the ability of the Recipient to solicit clients or employees of the Company or its Affiliates, the Recipient will abide by such provisions. Further, the Recipient agrees that if there is no such employment agreement or there are no such provisions in the employment agreement, during the Applicable Period, the Recipient will not, on the Recipient's own behalf or in the service of or on behalf of others:

(i) solicit any individual or entity which is an actual client of the Company or any of its Affiliates as of the Determination Date with whom the Recipient had direct material contact while the Recipient was an employee of the Company or an Affiliate, for the purpose of offering services substantially similar to those offered by the Company or an Affiliate, or

(ii) solicit for employment with a Competing Business any person who is a management level employee of the Company or an Affiliate with whom the Recipient had contact during the then most recent year of the Recipient's employment with the Company or an Affiliate.

The Recipient shall not be deemed to be in breach of Item G(ii) solely because an employer for whom the Recipient performs services solicits, diverts, or hires a management level employee of the Company or an Affiliate, provided that the Recipient does not engage in the activity proscribed by Item G(ii).

H. Acknowledgement: The Recipient acknowledges and agrees that the Recipient's agreement to and compliance with the provisions of this Agreement, including without limitation Item F and Item G above, are conditions to the effectiveness of the grant of the Award, and further acknowledges and agrees that the Recipient's noncompliance with Item F or Item G above can result in a forfeiture and/or recovery of all or part of the Award to the extent provided in the Vesting Schedule. The Recipient also acknowledges and agrees that the forfeitures and compensation recoveries provided for in this Agreement in connection with any breach during the Applicable Period by the Recipient of the Restrictive Provisions or the Intellectual Property Agreement shall not be the Company's sole remedy, and nothing in this Agreement limits the Company's right to seek damages, injunctive relief or other legal or equitable relief in case of any breach during the Applicable Period by the Recipient of the Restrictive Provisions or the Intellectual Property Agreement, except to the extent provided otherwise in the last paragraph of the Vesting Schedule. In the event that any provision of this Agreement is determined by a court which has jurisdiction to be unenforceable in part or in whole, the court shall be deemed to have the authority to strike or sever any unenforceable provision, or any part thereof or to revise any provision to the minimum extent necessary to render the provision reasonable and then to enforce the provision to the maximum extent permitted by law.

IN WITNESS WHEREOF, the Partnership and the Recipient have executed and agree to be bound by this Agreement as of the Grant Date set forth above.

OHI HEALTHCARE PROPERTIES LIMITED PARTNERSHIP

By:

Title:

THE RECIPIENT

By: ______________________________________

Name: «Recepient»

TERMS AND CONDITIONS TO THE
RELATIVE TSR-BASED PERFORMANCE PROFITS INTEREST UNITS AGREEMENT
PURSUANT TO
THE OMEGA HEALTHCARE INVESTORS, INC. 2018 STOCK INCENTIVE PLAN

1. Conditions to Grant of Profits Interest Units. As a condition of receiving the grant of Profits Interest Units hereunder, the Recipient must (a) execute the representations and warranties set forth on Exhibit 2 attached hereto, and deliver them to the Partnership within ten (10) days of the Grant Date, and (b) file with the IRS within thirty (30) days of the Grant Date, a valid election under Code Section 83(b), in substantially the form of Exhibit 3 attached hereto, as to all of the Profits Interest Units. The Recipient must also deliver to the Partnership, within thirty (30) days after the Grant Date, a copy of such election. Failure to comply with the requirements of this Section shall result in the forfeiture of all the Profits Interest Units and the cancellation of this Agreement.

2. Issuance of Profits Interest Units. The Partnership shall record in the name of the Recipient the number of Profits Interest Units ("LTIP Units," as defined in the Limited Partnership Agreement) awarded as of the Grant Date. The Partnership and the Recipient acknowledge and agree that the Profits Interest Units are hereby issued to the Recipient for the performance of services to or for the benefit of the Partnership and its Affiliates. If the Recipient is not already a partner of the Partnership pursuant to the Limited Partnership Agreement (defined therein as a "**Partner**"), the Partnership admits the Recipient as an "**LTIP Unit Limited Partner**" (as defined therein) and a Partner on the terms and conditions in this Agreement, the Plan and the Limited Partnership Agreement. Upon execution of this Agreement, the Recipient shall, automatically and without further action on the Recipient's part, be deemed to be a signatory of and bound by the Limited Partnership Agreement. At the request of the Partnership, the Recipient shall execute the Limited Partnership Agreement or a counterpart signature page thereto.

3. Rights as a Unitholder. The Profits Interest Units shall be treated as a "profits interest" within the meaning of Revenue Procedure 93-27, and the Recipient shall be treated as having received the interest on the Grant Date as contemplated under Section 4 of Revenue Procedure 2001-43. As the owner of the Profits Interest Units for income tax purposes, the Recipient shall take into account the Recipient's distributive share of income, gain, loss, deduction and credit associated with the Profits Interest Units as determined in accordance with the terms of the Limited Partnership Agreement and this Agreement.

4. Restrictions on Transfer. The Recipient shall not sell, pledge, assign, transfer or hypothecate, or otherwise dispose of any Profits Interest Units, whether outright or as security, with or without consideration, voluntary or involuntary, of all or any part of any right, title or interest in or to the Profits Interest Units, except as otherwise provided in the Limited Partnership Agreement. Any disposition not made in accordance with this Agreement shall be deemed null and void. Any permitted transferee under this Section shall be bound by the terms of this Agreement and the Limited Partnership Agreement.

5. Tax Withholding. If and only if tax withholding applies with respect to the grant, vesting, ownership or disposition of Profits Interest Units, the Company or an Affiliate may

withhold from the Recipient's wages, or require the Recipient to remit to the Partnership, the Company or an Affiliate, any applicable required tax withholding.

6. Change in Capitalization.

(a) The number and kind of units issuable under this Agreement shall be proportionately adjusted for any non-reciprocal transaction between the Partnership and the holders of partnership interests of the Partnership that causes the per unit value of the Profits Interest Units subject to the Award to change, such as a unit dividend, unit split, spinoff or rights offering (each an " **Equity Restructuring**"). No fractional shares shall be issued in making such adjustment.

(b) In the event of a merger, consolidation, reorganization, extraordinary dividend, spin-off, sale of substantially all of the Partnership's assets, other change in capital structure of the Partnership, tender offer for Profits Interest Units ("LTIP Units," as defined in the Limited Partnership Agreement), or a Change in Control, that in each case does not constitute an Equity Restructuring, the Committee shall take such action to make such adjustments with respect to the Profits Interest Units as the Committee, in its sole discretion, determines in good faith is necessary or appropriate and as is permitted by the Plan, including, without limitation, adjusting the number and class of units subject to the Award, substituting other securities, property or cash to replace the Award, all as determined in good faith by the Committee to have equivalent value to the Award, removing restrictions on the Award, or terminating the Award in exchange for the cash value determined in good faith by the Committee. Any adjustment pursuant to this Section may provide, in the Committee's discretion, for the elimination without payment of any fractional units that might otherwise be subject to the Award, but except as set forth in this Subsection and the Plan may not otherwise diminish the then value of the Award.

(c) All determinations and adjustments made by the Committee pursuant to this Section will be final and binding on the Recipient. Any action taken by the Committee need not treat all recipients of awards under the Plan equally.

(d) The existence of the Plan and the Profits Interest Unit Grant shall not affect the right or power of the Partnership to make or authorize any adjustment, reclassification, reorganization or other change in its capital or business structure, any merger or consolidation of the Partnership, any issue of debt or equity securities having preferences or priorities as to the Profits Interest Units or the rights thereof, the dissolution or liquidation of the Partnership, any sale or transfer of all or part of its business or assets, or any other corporate act or proceeding.

7. Governing Laws. This Award shall be construed, administered and enforced according to the laws of the State of Maryland; provided, however, no Profits Interest Units shall be issued except, in the reasonable judgment of the Committee, in compliance with exemptions under applicable state securities laws of the state in which Recipient resides, and/or any other applicable securities laws.

8. Successors. This Agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, successors, and permitted assigns of the parties.

9. Notice. Except as otherwise specified herein, all notices and other communications under this Agreement shall be in writing and shall be deemed to have been given if personally delivered or if sent by registered or certified United States mail, return receipt requested, postage prepaid, addressed to the proposed recipient at the last known address of the Recipient. Any party may designate any other address to which notices shall be sent by giving notice of the address to the other parties in the same manner as provided herein.

10. Severability. In the event that any one or more of the provisions or portion thereof contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, the same shall not invalidate or otherwise affect any other provisions of this Agreement, and this Agreement shall be construed as if the invalid, illegal or unenforceable provision or portion thereof had never been contained herein.

11. Entire Agreement. This Agreement and the Limited Partnership Agreement, together with the terms and conditions set forth in the Plan, express the entire understanding and agreement of the parties with respect to the subject matter. In the event of a conflict between the terms of the Plan or the Limited Partnership Agreement and this Agreement, the Plan and the Limited Partnership Agreement shall govern.

12. Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the party or parties who are thereby aggrieved shall have the right to specific performance and injunction in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative.

13. No Right to Continued Retention. Neither the establishment of the Plan nor the Award shall be construed as giving Recipient the right to continued service with the Company or an Affiliate.

14. Tax Effects under 409A. It is intended that the Award under this Agreement be exempt from Section 409A of the Internal Revenue Code (the "**Code**") as a current grant of a profits interest as provided in Section 3 hereof.

15. Headings. Except as otherwise provided in this Agreement, headings used herein are for convenience of reference only and shall not be considered in construing this Agreement.

16. Definitions. As used in this Agreement:

"**Affiliate**" means any person, firm, corporation, partnership, association or entity that, directly or indirectly or through one or more intermediaries, controls, is controlled by or is under common control with the Company.

"**Applicable Period**" means:

(a) as to the Restrictive Provisions,

(i) the period of time that the Restrictive Provisions are in effect in accordance with the terms of the employment agreement then in effect between the Recipient and the Company or an Affiliate, or

(ii) if there is no such employment agreement or there are no such provisions in the employment agreement, the period of the Recipient's employment with the Company or an Affiliate, and with respect to the Non-Solicitation Provisions, twelve (12) months thereafter, and with respect to the Non-Competition Provisions, six (6) months thereafter; and

(b) as to the Intellectual Property Agreement, the period of time that any breach of such agreement would be actionable by the Company or an Affiliate pursuant to the terms of such agreement.

"**Area**" means the states, areas and countries in which the Company or any of its Affiliates owns, acquires, develops, invests in, leases, finances the ownership of, or finances the operation of any skilled nursing facilities, senior housing, long-term care facilities, assisted living facilities, or other residential healthcare-related real estate.

"**Beginning Stock Price**" means the average closing price per share of Common Stock for the months of November and December 2019 on the exchange on which Common Stock is traded, which is «Beginning_Stock_Price».

"**Below Threshold Relative TSR**" means that Relative Total Shareholder Return is less than -300 basis points.

"**Board**" means the Board of Directors of the Company.

"**Business of the Company**" means any business with the primary purpose of leasing assets to healthcare operators, or financing the ownership of or financing the operation of skilled nursing facilities, senior housing, long-term care facilities, assisted living facilities, or other residential healthcare-related real estate.

"**Cause**" shall have the meaning set forth in the employment agreement then in effect between the Recipient and the Company or an Affiliate, or, if there is none, then Cause shall mean the occurrence of any of the following events:

(a) willful refusal by the Recipient to follow a lawful direction of any person to whom the Recipient reports or the Chief Executive Officer of the Company, provided the direction is not materially inconsistent with the duties or responsibilities of the Recipient's position with the Company or an Affiliate, which refusal continues after such person or the Chief Executive Officer of the Company has again given the direction in writing;

(b) willful misconduct or reckless disregard by the Recipient of the Recipient's duties or with respect to the interest or material property of the Company or an Affiliate;

(c) material breach by the Recipient of any of the Restrictive Provisions;

(d) material breach by the Recipient of any provision of the Intellectual Property Agreement;

(e) any act by the Recipient of fraud against, material misappropriation from or significant dishonesty to either the Company or an Affiliate, or any other party, but in the latter case only if in the reasonable opinion of the Chief Executive Officer of the Company, such fraud, material misappropriation, or significant dishonesty could reasonably be expected to have a material adverse impact on the Company or its Affiliates; or

(f) commission by the Recipient of a felony as reasonably determined by the Chief Executive Officer of the Company.

"**Change in Control**" means any one of the following events which occurs following the Grant Date:

(a) the acquisition within a twelve (12) month period, directly or indirectly, by any "person" or "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than the Company or any employee benefit plan of the Company or an Affiliate, or any corporation or other entity pursuant to a reorganization, merger or consolidation, of equity securities of the Company that in the aggregate represent thirty percent (30%) or more of the total voting power of the Company's then outstanding equity securities;

(b) the acquisition, directly or indirectly, by any "person" or "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than the Company or any employee benefit plan of the Company or an Affiliate, or any corporation or other entity pursuant to a reorganization, merger or consolidation of equity securities of the Company, resulting in such person or persons holding equity securities of the Company that, together with equity securities already held by such person or persons, in the aggregate represent more than fifty percent (50%) of the total fair market value or total voting power of the Company's then outstanding equity securities;

(c) individuals who as of the date hereof, constitute the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board;

(d) a reorganization, merger or consolidation, with respect to which persons who were the holders of equity securities of the Company immediately prior to such reorganization, merger or consolidation, immediately thereafter, own equity securities of

the surviving entity representing less than fifty percent (50%) of the combined ordinary voting power of the then outstanding voting securities of the surviving entity; or

(e) the acquisition within a twelve (12) month period, directly or indirectly, by any "person" or "persons" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than any corporation or other entity pursuant to a reorganization, merger or consolidation, of assets of the Company that have a total gross fair market value equal to or more than eighty-five percent (85%) of the total gross fair market value of all of the assets of the Company immediately before such acquisition.

Notwithstanding the foregoing, no Change in Control shall be deemed to have occurred for purposes of this Agreement (i) unless the event also constitutes a "change in the ownership or effective control of the corporation or in the ownership of a substantial portion of the assets of the corporation" within the meaning of Code Section 409A(a)(2)(v), or (ii) by reason of any actions or events in which the Recipient participates in a capacity other than in his capacity as an officer, employee, or director of the Company or an Affiliate.

"**Competing Business**" means any person, firm, corporation, joint venture, or other business that is engaged in the Business of the Company.

"**Determination Date**" means with respect to determining compliance with a covenant of this Agreement (a) while the Recipient remains employed by the Company or an Affiliate, the date as of which compliance is being determined, and (b) after the Recipient's termination of employment, the date of the Recipient's termination of employment.

"**Ending Stock Price**" means the average closing price per share of Common Stock for the months of November and December 2022 on the exchange on which Common Stock is traded, unless a Change in Control occurs on or before December 31, 2022, in which case the term means the value per share determined as of the date of the Change in Control, such value to be determined by the Committee in its reasonable discretion based on the actual or implied price per share paid in the Change in Control transaction.

"**Ending Value of Reinvested Dividends**" means the dollar amount equal to the Ending Stock Price multiplied by the total number of shares hypothetically purchased with the dividends declared to a shareholder of record during the Performance Period, assuming that each dividend is re-invested in Common Stock at the closing price per share on the last business day before the ex-dividend date. For purposes of this calculation, the dividends declared to a shareholder of record during the Performance Period will initially be calculated on one share of Common Stock beginning as of the first dividend declaration date during the Performance Period, and as of each dividend declaration date during the Performance Period thereafter, the dividends will be calculated with respect to the sum of one share of Common Stock plus the cumulative number of shares of Common Stock hypothetically purchased prior to such dividend declaration date. The "Ending Value of Reinvested Dividends" can also be expressed as the following formula:

Ending Value of Reinvested Dividends = (Ending Stock Price x Total Number of Shares Hypothetically Purchased with Reinvested Dividends)

Total Number of Shares Hypothetically Purchased with Reinvested Dividends = Number of Shares Hypothetically Purchased with First Reinvested Dividend + the sum of the Number of Shares Hypothetically Purchased with each Subsequent Reinvested Dividend

Number of Shares Hypothetically Purchased with First Reinvested Dividend = (dividend declared to a shareholder of record during the Performance Period calculated on one share of Common Stock as of the first dividend declaration date during such period)/(closing price per share of Common Stock on the last business day before the ex-dividend date)

Number of Shares Hypothetically Purchased with each Subsequent Reinvested Dividend = (each dividend declared to a shareholder of record after the first dividend declaration date during the Performance Period calculated on the sum of the one share of Common Stock beginning as of the first dividend declaration date + the number of shares hypothetically purchased with reinvested dividends before such subsequent dividend declaration date)/(closing price per share of Common Stock on the last business day before the related ex-dividend date)

"**Good Reason**" shall have the meaning set forth in the employment agreement then in effect between the Recipient and the Company or an Affiliate, or, if there is none, then Good Reason shall mean the occurrence of an event listed in (a) through (c) below:

(a) the Recipient experiences a material diminution of the Recipient's responsibilities of the Recipient's position, as reasonably modified by any person to whom the Recipient reports or the Chief Executive Officer of the Company from time to time, such that the Recipient would no longer have responsibilities substantially equivalent to those of other employees holding equivalent positions at companies with similar revenues and market capitalization;

(b) the Company or the Affiliate which employs the Recipient reduces the Recipient's annual base salary or annual bonus opportunity at high, target or threshold performance as a percentage of annual base salary; or

(c) the Company or the Affiliate which employs the Recipient requires the Recipient to relocate the Recipient's primary place of employment to a new location that is more than fifty (50) miles from its current location (determined using the most direct driving route), without the Recipient's consent;

provided however, as to each event in Subsection (a) through (c),

(i) the Recipient gives written notice to the Company within ten (10) days following the event or receipt of notice of the event of the Recipient's objection to the event;

(ii) the Company or the Affiliate which employs the Recipient fails to remedy the event within ten (10) days following the Recipient's written notice; and

(iii) the Recipient terminates his employment within thirty (30) days following the Company's and the Affiliate's failure to remedy the event.

"**High Relative TSR**" means that Relative Total Shareholder Return is +300 basis points or more.

"**Intellectual Property Agreement**" means that certain agreement entitled "Intellectual Property Agreement" previously entered into between the Company and the Recipient.

"**Limited Partnership Agreement**" means the Second Amended and Restated Agreement of OHI Healthcare Properties Limited Partnership, dated as of April 1, 2015, as it may be amended or any successor agreement thereto.

"**Non-Competition Provisions**" means the provisions under the title "Non-Competition Provisions" heading in Item F above of this Agreement.

"**Non-Solicitation Provisions**" means the provisions under the title "Non-Solicitation Provisions" heading in Item G above of this Agreement.

"**Performance Period**" means the period from and including January 1, 2020 through the earlier of December 31, 2022 or the date of a Change in Control.

"**Relative Total Shareholder Return**" means Total Shareholder Return expressed as a positive or negative number of basis points relative to the total shareholder return reported for the FTSE NAREIT Equity Health Care Index (the FACTSET identifier of which is FN11XXXX (the "**Index**")) for the Performance Period. For this purpose, the total shareholder return for the Index shall be calculated using methodologies analogous in all material respects to those used for the calculation of Total Shareholder Return, and the average closing price per share for the November and December at the end, and before the beginning, of the Performance Period shall also be used for calculating total shareholder return for the Index.

"**Restrictive Provisions**" means the Non-Competition Provisions and the Non-Solicitation Provisions.

"**Retirement**" means voluntary resignation by a Recipient after having reached at least age sixty-two (62) and having performed at least ten (10) years of service with the Company, any subsidiary and/or any company that is acquired directly or indirectly by the Company. In addition, a Recipient must give at least six (6) months prior written notice of resignation for such voluntary resignation to qualify as "Retirement." The Recipient may give the required notice before satisfying the age and service requirements for Retirement, provided the Recipient satisfies the age and service requirements as of the effective date of Retirement.

"**Target Relative TSR**" means that Relative Total Shareholder Return is +50 basis points.

"**Threshold Relative TSR**" means that Relative Total Shareholder Return is -300 basis points.

"**Total Shareholder Return**" means the compound annual growth rate (also known as "CAGR"), expressed as a percentage, of an investment in one share of Common Stock over the Performance Period, based on the Ending Stock Price plus the Ending Value of Reinvested Dividends, as compared to the Beginning Stock Price, and using the following formula:

(((Ending Stock Price + Ending Value of Reinvested Dividends)/Beginning Stock Price)^(1/3)) – 1

"**Vesting Period**" means the period beginning on the day after the last day of the Performance Period and ending December 31, 2023; provided however, that if a Change in Control occurs during or before such period, the last day of the Vesting Period same be deemed to be the date of the Change in Control.

EXHIBIT 1

VESTING SCHEDULE

A. Active Employee: The number of Profits Interest Units is set forth under the heading "High TSR" in the Relative TSR Chart below and represents the maximum potential number of units that can be earned. Except as provided in the remainder of this Vesting Schedule, the number of Profits Interest Units that is earned (the "**Earned Unvested Profits Interest Units**") is determined as of the last day of the Performance Period based on the level of Relative Total Shareholder Return attained for the Performance Period as shown in Relative TSR Chart set forth below and the Recipient shall vest in twenty-five percent (25%) of the Earned Unvested Profits Interest Units, which shall then become Vested Profits Interest Units, as of the last day of each calendar quarter during the Vesting Period only if the Recipient remains an employee, director or consultant of the Company or an Affiliate during the entire Performance Period and through the last day of such calendar quarter.

"**Relative TSR Chart**"

Below Threshold Relative TSR	*Threshold Relative TSR	*Target Relative TSR	*High Relative TSR
Zero Earned Unvested Profits Interest Units	«Threshold_Relative_TSR»	«Target_Relative_TSR»	«Profits_Interest_Units»

* If Relative Total Shareholder Return falls between Threshold Relative TSR and Target Relative TSR or between Target Relative TSR and High Relative TSR, the number of Earned Unvested Profits Interest Units under the Relative TSR Chart shall be determined in accordance with the separate written interpolation methodology established by the Company in connection with valuing the Profits Interest Units as of the Grant Date.

Notwithstanding the forgoing, if during the Applicable Period and while the Recipient remains an employee, director or consultant of the Company or an Affiliate, the Recipient breaches the Restrictive Provisions or the Intellectual Property Agreement, the Board is permitted to require the Recipient to return to the Company any Profits Interest Units which vested within one year before the breach, or if such Profits Interest Units had been sold in an arm's length transaction or redeemed by the Recipient, the proceeds of such sale or redemption as determined by the Board. The amount of the recovery shall be determined without regard to any taxes paid by or withheld from the wages of the Recipient unless the Board shall determine otherwise. Any subsequent provision of this Vesting Schedule providing for vesting in the specified circumstances shall not override the compensation recovery provisions of this Item A.

B. Disability, Good Reason or without Cause Termination or Retirement Except as provided in Item E below, if, the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to the Recipient's Disability, the Recipient's resignation from the Company and all Affiliates for Good Reason, or the termination of the Recipient's employment by the Company and its Affiliates without Cause or the Recipient ceases services as an employee of the Company and all Affiliates due to Retirement (each such event referred to as a "**Qualifying Termination**"):

(i) during the Performance Period, the Recipient shall vest on the same dates as if the Recipient were to remain an employee of the Company or an Affiliate through the last day of the Vesting Period (the "**Applicable Vesting Dates**") in the same number of Earned Unvested Profits Interest Units as if the Recipient were to remain an employee of the Company or an Affiliate through the last day of the Vesting Period, but multiplied by a fraction, the numerator of which is the number of days elapsed in the Performance Period through the date of such event and the denominator of which is 1,095 (*i.e.,* 365 x 3), or

(ii) during the Vesting Period, the Recipient shall vest on each Applicable Vesting Date in the same number of Earned Unvested Profits Interest Units as if the Recipient were to remain an employee of the Company or an Affiliate through the last day of the Vesting Period.

; provided however, that the vesting provided in clause (i) or (ii) above shall not occur if before the earlier of the Applicable Vesting Date or the end of the Applicable Period, the Recipient breaches any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Earned Unvested Profits Interest Units that have not previously vested shall be immediately forfeited as of the date of such breach.

C. Death after Qualifying Termination. Except as provided in Item E below, if Item B of this Vesting Schedule applies and the Recipient thereafter dies before the date that all vesting occurs that is provided for pursuant to Item B, then the vesting there provided shall be accelerated to the later of the date of the Recipient's death or the last day of the Performance Period; provided however, that such vesting shall not occur if during the Applicable Period and before the date of death, the Recipient breached any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Earned Unvested Profits Interest Units that have not previously vested shall be immediately forfeited as of the date of such breach.

D. Death while Employed. Except as provided in Item E below, if the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to the Recipient's death during the Performance Period or the Vesting Period, the Recipient shall vest in the same number of Earned Unvested Profits Interest Units as if the Recipient's death were a Qualifying Termination pursuant to Item B of this Vesting Schedule, except that the vesting there provided shall be accelerated to the later of the date of the Recipient's death or the last day of the Performance Period; provided however, that such vesting shall not occur if during the Applicable Period and before the date of death, the Recipient breached any of the Restrictive Provisions or the Intellectual Property Agreement, and in such event, all Earned Unvested Profits Interest Units that have not previously vested shall be immediately forfeited as of the date of such breach.

E. Change in Control. Notwithstanding Items A through D of this Vesting Schedule, if a Change in Control occurs on or after the Grant Date and on or before December 31, 2023, and (i) the Recipient remains an employee, director or consultant of the Company or an Affiliate during the entire Performance Period until the date of the Change in Control, or (ii) within sixty (60) days before the Change in Control, the Recipient incurs a Qualifying Termination or ceases services as an employee, director or consultant of the Company and all Affiliates due to the Recipient's death, the Recipient shall be 100% vested in, as of the date of the Change in Control:

1. if the Change in Control occurs on or before December 31, 2022, the number of Earned Unvested Profits Interest Units determined from the Relative TSR Chart based on the level of Relative Total Shareholder Return achieved for the Performance Period through the date of the Change in Control, or

2. if the Change in Control occurs after December 31, 2022, the number of Earned Unvested Profits Interest Units determined in the Relative TSR Chart that were actually earned for the Performance Period which have not previously become Vested Profits Interest Units.

F. Voluntary Resignation or Cause Termination. Profits Interest Units which have not become Vested Profits Interest Units as of the Recipient's cessation of services as an employee, director, or consultant of the Company and all Affiliates, except as provided in Items B through E of this Vesting Schedule, shall be forfeited. Further, if (a) before a Change in Control, the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to (I) the Recipient's voluntary resignation without Good Reason (and not due to Disability or Retirement) or (II) the termination of the Recipient's employment by the Company and its Affiliates for Cause, and (b) during the Applicable Period, the Recipient breaches the Restrictive Provisions or the Intellectual Property Agreement, the Board is permitted to require the Recipient to return to the Company any Profits Interest Units which vested within one year before the Recipient's cessation of services, or if such Profits Interest Units had been sold in an arm's length transaction or redeemed by the Recipient, the proceeds of such sale or redemption as determined by the Board. The amount of the recovery shall be determined without regard to any taxes paid by or withheld from the wages of the Recipient unless the Board shall determine otherwise.

G. General Forfeiture Provisions. Profits Interest Units which have not become Earned Unvested Profits Interest Units as of the last day of the Performance Period shall be forfeited. Profits Interest Units which have not become Vested Profits Interest Units as of the earliest of (i) December 31, 2023, (ii) except as provided in Items B through E of this Vesting Schedule, as of the Recipient's cessation of services as an employee, director, or consultant of the Company and all Affiliates, or (iii) the date provided in Item F, shall be forfeited, and once a forfeiture occurs no provision of this Vesting Schedule shall be construed to reinstate the forfeiture. The forfeitures and compensation recoveries provided for in this Agreement in connection with any breach during the Applicable Period by a Recipient of the Restrictive Provisions or the Intellectual Property Agreement shall not be the Company's sole remedy, and nothing in this Agreement limits the Company's right to seek damages, injunctive relief or other legal or equitable relief in case of any such breach; provided, however, if the Recipient is not a party to an employment agreement with the Company or an Affiliate as of the date of termination of employment and the Recipient ceases services as an employee, director or consultant of the Company and all Affiliates due to a Qualifying Termination, the Company's sole remedy with respect to a breach by the Recipient during the Applicable Period of the Non-Competition Provisions will be the forfeiture provided in Item B of this Vesting Schedule; provided further, such limitation to the Company's remedies shall not apply to the Recipient's breach during the Applicable Period of the Non-Solicitation Provisions or the Intellectual Property Agreement.

H. Fractional Units. If any calculation in this Vesting Schedule results in a fractional number of Vested Profits Interest Units, the number of Vested Profits Interest Units shall be rounded to the closest whole number.

EXHIBIT 2

REPRESENTATIONS AND WARRANTIES OF THE RECIPIENT

In connection with the grant of the Profits Interest Units pursuant to the Agreement, the Recipient hereby represents and warrants to the Partnership that:

1. The Recipient is acquiring the Profits Interest Units for the Recipient's own account with the present intention of holding the Profits Interest Units for investment purposes and not with a view to distribute or sell the Profits Interest Units, except in compliance with federal securities laws or applicable securities laws of other jurisdictions;

2. The Recipient acknowledges that the Profits Interest Units have not been registered under the Securities Act of 1933 (the " **1933 Act**") or applicable securities laws of other jurisdictions and that the Profits Interest Units will be issued to the Recipient in reliance on exemptions from the registration requirements provided by Sections 3(b) or 4(2) of the 1933 Act and the rules and regulations promulgated thereunder and applicable securities laws of other jurisdictions and in reliance on the Recipient's representations and agreements contained herein;

3. The Recipient is an employee of the Partnership or an Affiliate;

4. The Recipient acknowledges that the Profits Interest Units are subject to the restrictions contained in the Limited Partnership Agreement, and the Recipient has received and reviewed a copy of the Limited Partnership Agreement;

5. The Recipient has had the opportunity to ask questions of and receive answers from the Partnership and any person acting on its behalf concerning the terms and conditions of the Profits Interest Units awarded hereunder and has had full access to such other information concerning the Partnership and its Affiliates as the Recipient may have requested in making the Recipient's decision to invest in the Profits Interest Units being issued hereunder;

6. The Recipient has such knowledge and experience in financial and business matters that the Recipient is capable of evaluating the merits and risks of the acquisition of the Profits Interest Units hereunder and the Recipient is able to bear the economic risk, if any, of such acquisition;

7. The Recipient has only relied on the advice of, or has consulted with, the Recipient's own legal, financial and tax advisors, and the determination of the Recipient to acquire the Profits Interest Units pursuant to this Agreement has been made by the Recipient independent of any statements or opinions as to the advisability of such acquisition or as to the properties, business, prospects or condition (financial or otherwise) of the Partnership or its Affiliates which may have been made or given by any other person or by any agent or employee of such person and independent of the fact that any other person has decided to become a holder of Profits Interest Units;

8. None of the Partnership or any of its Affiliates has made any representation or agreement to the Recipient with respect to the income tax consequences of the issuance, ownership or vesting of Profits Interest Units or the transactions contemplated by this Agreement (including without limitation the making of an election under Code Section 83(b)), and the Recipient is in no manner relying on the Partnership or any Affiliate or their representatives for an assessment of tax consequences to the Recipient. The Recipient is advised to consult with the Recipient's own tax advisor with respect to the tax consequences;

9. The Recipient is not acquiring the Profits Interest Units as a result of, or subsequent to, any publicly disseminated advertisement, article, sales literature, publication, broadcast or any public seminar or meeting or any solicitation nor is the Recipient aware of any offers made to other persons by such means;

10. The Recipient understands and agrees that if certificates representing the Profits Interest Units are issued, such certificates may bear such restrictive legends as the Partnership or its legal counsel may deem necessary or advisable under applicable law or pursuant to this Agreement;

11. The Profits Interest Units cannot be offered for sale, sold or transferred by the Recipient other than pursuant to: (i) an effective registration under the 1933 Act or in a transaction otherwise in compliance with the 1933 Act; and (ii) evidence satisfactory to the Partnership of compliance with the applicable securities laws of other jurisdictions. The Partnership shall be entitled to rely upon an opinion of counsel satisfactory to it with respect to compliance with the above laws;

12. The Partnership shall be under no obligation to register the Profits Interest Units or to comply with any exemption available for sale of the Profits Interest Units without registration or filing;

13.The Recipient represents that the Recipient is an "accredited investor" as that term is defined in Rule 501 of Regulation D of the 33 Act; specifically, either (a) the Recipient is an executive officer of the Partnership or of Omega Healthcare Investors, the general partner of the Partnership, or (b) the Recipient has (i) had an individual income in excess of $200,000 in each of the two most recent years or joint income with the Recipient's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year, or (ii) the Recipient's net worth or joint net worth with the Recipient's spouse (excluding the value of the Recipient's primary residence), exceeds $1,000,000; and

14. The Recipient agrees to furnish any additional information requested to assure compliance with applicable securities laws in connection with the issuance or holding of Profits Interest Units. The Recipient acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with applicable federal and state laws. Notwithstanding anything to the contrary herein, the Plan shall be administered and the grant of Profits Interest Units is made only in such manner as to conform to such laws. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws. By execution below, the Recipient acknowledges that the Recipient has received a copy of the Agreement, the Limited Partnership Agreement and the Plan.

RECIPIENT

Signature | Date | Name

EXHIBIT 3
SECTION 83(b) ELECTION

The undersigned hereby elects to be taxed pursuant to Section 83(b) of the Internal Revenue Code of 1986 (the "Code") with respect to the property described below and supplies the following information in accordance with the regulations promulgated thereunder:

1. **The name, address and taxpayer identification number of the undersigned is:**

   «Recepient»

   ____

   ____

   Taxpayer I.D. No.: _________________________

2. Description of property with respect to which the election is being made:

«Profits_Interest_Units» Profits Interest Units of OHI Healthcare Properties Limited Partnership (the "**Profits Interest Units**," defined in the OHI Healthcare Properties Limited Partnership as "LTIP Units").

3. The date on which the property was transferred:

The Profits Interest Units were transferred on January 1, 2020.

4. The taxable year to which this election relates is calendar year 2020.

5. The nature of the restriction(s) to which the property is subject is:

The Profits Interest Units shall vest in increments on specified vesting dates or upon certain vesting events subsequent to the property transfer date, provided that the taxpayer continues to perform services for OHI Healthcare Properties Limited Partnership (the "**Partnership**") or an affiliate. In the event the taxpayer ceases to perform services for the Partnership and its affiliates under certain circumstances prior to the final vesting date, any unvested Profits Interest Units shall be forfeited back to the Partnership.

6. Fair Market Value:

Because the Profits Interest Units constitute a profits interest, the grant of the interest is not taxable under Code Section 83 pursuant to Revenue Procedure 93-27 and Revenue Procedure 2001-43. Therefore, the taxpayer is reporting that the fair market value at the time of transfer (determined without regard to any restrictions other than restrictions which by their terms will never lapse) of the property with respect to which this election is being made as $0 per Profits Interest Unit.

7. Amount paid for property:

The taxpayer did not pay for the Profits Interest Units.

8. Furnishing statement to the person for whom services are performed:

A copy of this statement has been furnished to the Partnership.

By: Date: January __, 2020

Subsidiaries of the Registrants as of December 31, 2019

Subsidiary Name	Home State
11900 East Artesia Boulevard, LLC	California
1200 Ely Street Holdings Co. LLC	Michigan
13922 Cerise Avenue, LLC	California
1628 B Street, LLC	California
2400 Parkside Drive, LLC	California
2425 Teller Avenue, LLC	Colorado
245 East Wilshire Avenue, LLC	California
305 West End Avenue Property, L.L.C.	Delaware
3232 Artesia Real Estate, LLC	California
3806 Clayton Road, LLC	California
42235 County Road Holdings Co. LLC	Michigan
446 Sycamore Road, L.L.C.	Delaware
48 High Point Road, LLC	Maryland
523 Hayes Lane, LLC	California
637 East Romie Lane, LLC	California
Alamogordo Aviv, L.L.C.	New Mexico
Albany Street Property, L.L.C.	Delaware
Arizona Lessor - Infinia, LLC	Maryland
Arkansas Aviv, L.L.C.	Delaware
Arma Yates, L.L.C.	Delaware
Avery Street Property, L.L.C.	Delaware
Aviv Financing I, L.L.C.	Delaware
Aviv Financing II, L.L.C.	Delaware
Aviv Financing III, L.L.C.	Delaware
Aviv Financing IV, L.L.C.	Delaware
Aviv Financing V, L.L.C.	Delaware
Aviv Financing VI, L.L.C.	Delaware
Aviv Foothills, L.L.C.	Delaware
Aviv Healthcare Properties Operating Partnership I, L.P.	Delaware
Aviv Liberty, L.L.C.	Delaware
Aviv OP Limited Partner, L.L.C.	Delaware
Avon Ohio, L.L.C.	Delaware
Bala Cynwyd Real Estate, LP	Pennsylvania
Bayside Colorado Healthcare Associates, LLC	Colorado
Bayside Street II, LLC	Delaware
Bayside Street, LLC	Maryland
Belleville Illinois, L.L.C.	Delaware
Bellingham II Associates, L.L.C.	Delaware

Subsidiary Name	Home State
Bethel ALF Property, L.L.C.	Delaware
BHG Aviv, L.L.C.	Delaware
Biglerville Road, L.L.C.	Delaware
Bonham Texas, L.L.C.	Delaware
Bradenton ALF Property, L.L.C.	Delaware
Brewster ALF Property, L.L.C.	Delaware
Burton NH Property, L.L.C.	Delaware
California Aviv Two, L.L.C.	Delaware
California Aviv, L.L.C.	Delaware
Camas Associates, L.L.C.	Delaware
Canton Health Care Land, LLC	Ohio
Carnegie Gardens LLC	Delaware
Casa/Sierra California Associates, L.L.C.	Delaware
CFG 2115 Woodstock Place LLC	Delaware
Champaign Williamson Franklin, L.L.C.	Delaware
Chardon Ohio Property Holdings, L.L.C.	Delaware
Chardon Ohio Property, L.L.C.	Delaware
Chatham Aviv, L.L.C.	Delaware
Chenal Arkansas, L.L.C.	Delaware
Chippewa Valley, L.L.C.	Illinois
CHR Bartow LLC	Delaware
CHR Boca Raton LLC	Delaware
CHR Bradenton LLC	Delaware
CHR Cape Coral LLC	Delaware
CHR Clearwater Highland LLC	Delaware
CHR Clearwater LLC	Delaware
CHR Deland East LLC	Delaware
CHR Deland West LLC	Delaware
CHR Fort Myers LLC	Delaware
CHR Fort Walton Beach LLC	Delaware
CHR Gulfport LLC	Delaware
CHR Hudson LLC	Delaware
CHR Lake Wales LLC	Delaware
CHR Lakeland LLC	Delaware
CHR Panama City LLC	Delaware
CHR Pompano Beach Broward LLC	Delaware
CHR Pompano Beach LLC	Delaware
CHR Sanford LLC	Delaware
CHR Sarasota LLC	Delaware
CHR Spring Hill LLC	Delaware
CHR St. Pete Abbey LLC	Delaware
CHR St. Pete Bay LLC	Delaware
CHR St. Pete Egret LLC	Delaware
CHR Tampa Carrollwood LLC	Delaware

Subsidiary Name	Home State
CHR Tampa LLC	Delaware
CHR Tarpon Springs LLC	Delaware
CHR Titusville LLC	Delaware
CHR West Palm Beach LLC	Delaware
Clarkston Care, L.L.C.	Delaware
Clayton Associates, L.L.C.	New Mexico
Colonial Gardens, LLC	Ohio
Colonial Madison Associates, L.L.C.	Delaware
Colorado Lessor - Conifer, LLC	Maryland
Columbus Texas Aviv, L.L.C.	Delaware
Columbus Western Avenue, L.L.C.	Delaware
Colville Washington Property, L.L.C.	Delaware
Commerce Nursing Homes, L.L.C.	Illinois
Commerce Sterling Hart Drive, L.L.C.	Delaware
Conroe Rigby Owen Road, L.L.C.	Delaware
CR Aviv, L.L.C.	Delaware
Crete Plus Five Property, L.L.C.	Delaware
Crooked River Road, L.L.C.	Delaware
CSE Albany LLC	Delaware
CSE Amarillo LLC	Delaware
CSE Arden L.P.	Delaware
CSE Augusta LLC	Delaware
CSE Bedford LLC	Delaware
CSE Blountville LLC	Delaware
CSE Bolivar LLC	Delaware
CSE Cambridge LLC	Delaware
CSE Cambridge Realty LLC	Delaware
CSE Camden LLC	Delaware
CSE Canton LLC	Delaware
CSE Casablanca Holdings II LLC	Delaware
CSE Casablanca Holdings LLC	Delaware
CSE Cedar Rapids LLC	Delaware
CSE Centennial Village, LP	Delaware
CSE Chelmsford LLC	Delaware
CSE Chesterton LLC	Delaware
CSE Claremont LLC	Delaware
CSE Corpus North LLC	Delaware
CSE Denver Iliff LLC	Delaware
CSE Denver LLC	Delaware
CSE Douglas LLC	Delaware
CSE Elkton LLC	Delaware
CSE Elkton Realty LLC	Delaware
CSE Fairhaven LLC	Delaware
CSE Fort Wayne LLC	Delaware

Subsidiary Name	Home State
CSE Frankston LLC	Delaware
CSE Georgetown LLC	Delaware
CSE Green Bay LLC	Delaware
CSE Hilliard LLC	Delaware
CSE Huntingdon LLC	Delaware
CSE Huntsville LLC	Delaware
CSE Indianapolis-Continental LLC	Delaware
CSE Indianapolis-Greenbriar LLC	Delaware
CSE Jacinto City LLC	Delaware
CSE Jefferson City LLC	Delaware
CSE Jeffersonville-Hillcrest Center LLC	Delaware
CSE Jeffersonville-Jennings House LLC	Delaware
CSE Kerrville LLC	Delaware
CSE Kingsport LLC	Delaware
CSE Knightdale L.P.	Delaware
CSE Lake City LLC	Delaware
CSE Lake Worth LLC	Delaware
CSE Lakewood LLC	Delaware
CSE Las Vegas LLC	Delaware
CSE Lawrenceburg LLC	Delaware
CSE Lenoir L.P.	Delaware
CSE Lexington Park LLC	Delaware
CSE Lexington Park Realty LLC	Delaware
CSE Ligonier LLC	Delaware
CSE Live Oak LLC	Delaware
CSE Lowell LLC	Delaware
CSE Marianna Holdings LLC	Delaware
CSE Memphis LLC	Delaware
CSE Mobile LLC	Delaware
CSE Moore LLC	Delaware
CSE North Carolina Holdings I LLC	Delaware
CSE North Carolina Holdings II LLC	Delaware
CSE Omro LLC	Delaware
CSE Orange Park LLC	Delaware
CSE Orlando-Pinar Terrace Manor LLC	Delaware
CSE Orlando-Terra Vista Rehab LLC	Delaware
CSE Pennsylvania Holdings, LP	Delaware
CSE Piggott LLC	Delaware
CSE Pilot Point LLC	Delaware
CSE Pine View LLC	Delaware
CSE Ponca City LLC	Delaware
CSE Port St. Lucie LLC	Delaware
CSE Richmond LLC	Delaware
CSE Ripley LLC	Delaware

Subsidiary Name	Home State
CSE Ripon LLC	Delaware
CSE Safford LLC	Delaware
CSE Salina LLC	Delaware
CSE Seminole LLC	Delaware
CSE Shawnee LLC	Delaware
CSE Spring Branch LLC	Delaware
CSE Stillwater LLC	Delaware
CSE Taylorsville LLC	Delaware
CSE Texarkana LLC	Delaware
CSE Texas City LLC	Delaware
CSE The Village LLC	Delaware
CSE Upland LLC	Delaware
CSE Walnut Cove L.P.	Delaware
CSE West Point LLC	Delaware
CSE Whitehouse LLC	Delaware
CSE Williamsport LLC	Delaware
CSE Winter Haven LLC	Delaware
CSE Woodfin L.P.	Delaware
CSE Yorktown LLC	Delaware
Cuyahoga Falls Property II, L.L.C.	Delaware
Cuyahoga Falls Property III, L.L.C.	Ohio
Cuyahoga Falls Property, L.L.C.	Delaware
Dallas Two Property, L.L.C.	Delaware
Danbury ALF Property, L.L.C.	Delaware
Darien ALF Property, L.L.C.	Delaware
Deerfield Class B, L.L.C.	Delaware
Delta Investors I, LLC	Maryland
Delta Investors II, LLC	Maryland
Denison Texas, L.L.C.	Delaware
Desert Lane LLC	Delaware
Dixie White House Nursing Home, LLC	Mississippi
Dixon Health Care Center, LLC	Ohio
DWC Finance, L.L.C.	Delaware
East Rollins Street, L.L.C.	Delaware
Edgewood Drive Property, L.L.C.	Delaware
Effingham Associates, L.L.C.	Illinois
Elite Mattoon, L.L.C.	Delaware
Elite Yorkville, L.L.C.	Delaware
Encanto Senior Care, LLC	Arizona
Everett Holdings 1, LLC	Delaware
Everett Holdings 2, LLC	Delaware
Everett RE Owner LLC	Delaware
Falcon Four Property Holding, L.L.C.	Delaware
Falcon Four Property, L.L.C.	Delaware

Subsidiary Name	Home State
Falfurrias Texas, L.L.C.	Delaware
FC Encore Albemarle, LLC	North Carolina
FC Encore Andrews, LLC	North Carolina
FC Encore Archdale, LLC	North Carolina
FC Encore Bossier City I, LLC	Louisiana
FC Encore Bossier City II, LLC	Louisiana
FC Encore Bradenton, LLC	Florida
FC Encore Brandon, LLC	Florida
FC Encore Brooksville I, LLC	Florida
FC Encore Brooksville II, LLC	Florida
FC Encore Callaway, LLC	Florida
FC Encore Cape Coral, LLC	Florida
FC Encore Cary, LLC	North Carolina
FC Encore Charlotte, LLC	North Carolina
FC Encore Core Properties, LLC	Delaware
FC Encore Crestview, LLC	Florida
FC Encore Deltona, LLC	Florida
FC Encore Destin, LLC	Florida
FC Encore Dunedin, LLC	Florida
FC Encore Englewood, LLC	Florida
FC Encore Ferriday, LLC	Louisiana
FC Encore Fort Meyers, LLC	Florida
FC Encore Franklington, LLC	North Carolina
FC Encore Green Cove Springs, LLC	Florida
FC Encore Holdco I LLC	Delaware
FC Encore Holdco II LLC	Delaware
FC Encore Hollywood, LLC	Florida
FC Encore Kannapolis, LLC	North Carolina
FC Encore Lake Mary, LLC	Florida
FC Encore Lakeland, LLC	Florida
FC Encore Lecanto, LLC	Florida
FC Encore Master Landlord A, LLC	Delaware
FC Encore McComb, LLC	Mississippi
FC Encore Meridian, LLC	Mississippi
FC Encore Merritt Island, LLC	Florida
FC Encore Naples, LLC	Florida
FC Encore Natchez, LLC	Mississippi
FC Encore Orlando, LLC	Florida
FC Encore Palm Bay, LLC	Florida
FC Encore Palm Coast, LLC	Florida
FC Encore Pensacola, LLC	Florida
FC Encore Perry, LLC	Florida
FC Encore Pompano Beach, LLC	Florida
FC Encore Properties A, LLC	Delaware

Subsidiary Name	Home State
FC Encore Properties B Holdco, LLC	Delaware
FC Encore Properties B, LLC	Delaware
FC Encore Properties H, LLC	Delaware
FC Encore Properties HK, LLC	Delaware
FC Encore Rutherfordton, LLC	North Carolina
FC Encore S. Daytona, LLC	Florida
FC Encore St. Cloud, LLC	Florida
FC Encore Starkville, LLC	Mississippi
FC Encore Tallahassee I, LLC	Florida
FC Encore Tampa, LLC	Florida
FC Encore Titusville, LLC	Florida
FC Encore Union, LLC	Mississippi
FC Encore Venice, LLC	Florida
FC Encore W. Palm Beach, LLC	Florida
FC Encore Winona, LLC	Mississippi
FC Encore Winter Garden, LLC	Florida
FC Encore Yadkinville, LLC	North Carolina
Financing VI Healthcare Property, LP	Delaware
Florida ALF Properties, L.L.C.	Delaware
Florida Four Properties, L.L.C.	Delaware
Florida Lessor - Meadowview, LLC	Maryland
Florida Real Estate Company, LLC	Florida
Fort Stockton Property, L.L.C.	Delaware
Fountain Associates, L.L.C.	Delaware
Four Fountains Aviv, L.L.C.	Delaware
Fredericksburg South Adams Street, L.L.C.	Delaware
Freewater Oregon, L.L.C.	Delaware
Fullerton California, L.L.C.	Delaware
G&L Gardens, L.L.C.	Arizona
Gardnerville Property, L.L.C.	Delaware
Georgia Lessor - Bonterra/Parkview, LLC	Maryland
Germantown Property, L.L.C.	Delaware
Giltex Care, L.L.C.	Delaware
Glendale NH Property, L.L.C.	Delaware
Golden Hill Real Estate Company, LLC	California
Gonzales Texas Property, L.L.C.	Delaware
Great Bend Property, L.L.C.	Delaware
Greenbough, LLC	Delaware
Greenville Kentucky Property, L.L.C.	Delaware
Hazleton Holdings 1, LLC	Delaware
Hazleton Holdings 2, LLC	Delaware
Hazleton RE Owner LLC	Delaware
Heritage Monterey Associates, L.L.C.	Illinois
HHM Aviv, L.L.C.	Delaware

Subsidiary Name	Home State
Hidden Acres Property, L.L.C.	Delaware
Highland Leasehold, L.L.C.	Delaware
Hobbs Associates, L.L.C.	Illinois
Hot Springs Atrium Owner, LLC	Delaware
Hot Springs Aviv, L.L.C.	Delaware
Hot Springs Cottages Owner, LLC	Delaware
Hot Springs Marina Owner, LLC	Delaware
Houston Texas Aviv, L.L.C.	Delaware
Hutchinson Kansas, L.L.C.	Delaware
Hutton I Land, LLC	Ohio
Hutton II Land, LLC	Ohio
Hutton III Land, LLC	Ohio
Idaho Associates, L.L.C.	Illinois
Illinois Missouri Properties, L.L.C.	Delaware
Indiana Lessor - Wellington Manor, LLC	Maryland
Iowa Lincoln County Property, L.L.C.	Delaware
Jasper Springhill Street, L.L.C.	Delaware
Kansas Five Property, L.L.C.	Delaware
Karan Associates Two, L.L.C.	Delaware
Karan Associates, L.L.C.	Delaware
Karissa Court Property, L.L.C.	Delaware
KB Northwest Associates, L.L.C.	Delaware
Kentucky NH Properties, L.L.C.	Delaware
Kingsville Texas, L.L.C.	Delaware
LAD I Real Estate Company, LLC	Delaware
Lakeway Realty LLC	Delaware
Leatherman 90-1, LLC	Ohio
Leatherman Partnership 89-1, LLC	Ohio
Leatherman Partnership 89-2, LLC	Ohio
Louisville Dutchmans Property, L.L.C.	Delaware
Magnolia Drive Property, L.L.C.	Delaware
Manor Associates, L.L.C.	Delaware
Mansfield Aviv, L.L.C.	Delaware
Massachusetts Nursing Homes, L.L.C.	Delaware
McCarthy Street Property, L.L.C.	Delaware
MedEquities OP GP, LLC	Delaware
MedEquities Realty Operating Partnership, LP	Delaware
MedEquities Realty TRS, LLC	Delaware
MER Lakeway Investments, LLC	Texas
Meridian Arms Land, LLC	Ohio
Mifflin Holdings 1, LLC	Delaware
Mifflin Holdings 2, LLC	Delaware
Mifflin RE Owner LLC	Delaware
Minnesota Associates, L.L.C.	Delaware

Subsidiary Name	Home State
Mishawaka Property, L.L.C.	Delaware
Missouri Associates, L.L.C.	Delaware
Missouri Regency Associates, L.L.C.	Delaware
Montana Associates, L.L.C.	Illinois
Monterey Park Leasehold Mortgage, L.L.C.	Delaware
Mount Washington Property, L.L.C.	Delaware
MRT LTACH Mortgage LLC	Delaware
MRT of Amarillo TX-1st Mortgage IRF LLC	Delaware
MRT of Andersonville TN- PRTF LLC	Delaware
MRT of Boise ID – IPH, LLC	Delaware
MRT of Brookville IN- SNF LLC	Delaware
MRT of Brownsville TX- MOB LLC	Delaware
MRT of Brownwood TX- SNF, LLC	Delaware
MRT of Clarksville IN – IRF, LLC	Delaware
MRT of Dallas TX - Adora Midtown SNF, LLC	Delaware
MRT of El Paso TX- SNF, LLC	Delaware
MRT of Fort Worth TX -- SNF, LLC	Delaware
MRT of Graham TX- SNF, LLC	Delaware
MRT of Houston TX- East Freeway ACH, LLC	Delaware
MRT of Huntington IN – SNF, LLC	Delaware
MRT of Kaufman TX -SNF, LLC	Delaware
MRT of Kemp TX- SNF, LLC	Delaware
MRT of Kentfield CA- LTACH, LLC	Delaware
MRT of Kerns TX- SNF, LLC	Delaware
MRT of La Mesa CA- SNF LLC	Delaware
MRT of Lakeway TX - MOB Unit 3B, LLC	Delaware
MRT of Lakeway TX- ACH, LLC	Delaware
MRT of Las Vegas NV - ACH, LLC	Delaware
MRT of Las Vegas NV - LTACH, LLC	Delaware
MRT of Liberty IN- SNF LLC	Delaware
MRT of Longview TX- SNF, LLC	Delaware
MRT of Mt. Pleasant TX, SNF, LLC	Delaware
MRT of National City CA - SNF I LLC	Delaware
MRT of National City CA - SNF II LLC	Delaware
MRT of Nevada- ATF LLC	Delaware
MRT of New Albany IN - IRF, LLC	Delaware
MRT of New Port Richey FL- MCC, LLC	Delaware
MRT of San Antonio TX- SNF I, LLC	Delaware
MRT of San Antonio TX- SNF II, LLC	Delaware
MRT of San Diego CA - SNF LLC	Delaware
MRT of Spartanburg SC- SNF, LLC	Delaware
MRT of Springfield MA- 1st Mortgage ACH, LLC	Delaware
MRT of Stockton CA- IRF, LLC	Delaware
MRT of Texas- ATF LLC	Delaware

Subsidiary Name	Home State
MRT of Tolland CT- SNF, LLC	Delaware
MRT of Upland CA - SNF-ALF LLC	Delaware
MRT of Webster TX - IMF LLC	Delaware
Mt. Vernon Texas, L.L.C.	Delaware
Murray County, L.L.C.	Delaware
Muscatine Toledo Properties, L.L.C.	Delaware
N.M. Bloomfield Three Plus One Limited Company	New Mexico
N.M. Espanola Three Plus One Limited Company	New Mexico
N.M. Lordsburg Three Plus One Limited Company	New Mexico
N.M. Silver City Three Plus One Limited Company	New Mexico
New Hope Property, L.L.C.	Delaware
Newtown ALF Property, L.L.C.	Delaware
Nicholasville Kentucky Property, L.L.C.	Delaware
North Las Vegas LLC	Delaware
North Royalton Ohio Property, L.L.C.	Delaware
Norwalk ALF Property, L.L.C.	Delaware
NRS Ventures, L.L.C.	Delaware
Oakland Nursing Homes, L.L.C.	Delaware
Ocean Springs Nursing Home, LLC	Mississippi
October Associates, L.L.C.	Delaware
Ogden Associates, L.L.C.	Delaware
OHI (Connecticut), LLC	Connecticut
OHI (Illinois), LLC	Illinois
OHI (Indiana) , LLC	Indiana
OHI (Iowa) , LLC	Iowa
OHI Asset (AR) Ash Flat, LLC	Delaware
OHI Asset (AR) Camden, LLC	Delaware
OHI Asset (AR) Conway, LLC	Delaware
OHI Asset (AR) Des Arc, LLC	Delaware
OHI Asset (AR) Hot Springs, LLC	Delaware
OHI Asset (AR) Malvern, LLC	Delaware
OHI Asset (AR) Mena, LLC	Delaware
OHI Asset (AR) Pocahontas, LLC	Delaware
OHI Asset (AR) Sheridan, LLC	Delaware
OHI Asset (AR) Walnut Ridge, LLC	Delaware
OHI Asset (AZ) Austin House, LLC	Delaware
OHI Asset (AZ) Tucson, LLC	Delaware
OHI Asset (CA), LLC	Delaware
OHI Asset (CO) Brighton, LLC	Delaware
OHI Asset (CO) Denver, LLC	Delaware
OHI Asset (CO) Mesa, LLC	Delaware
OHI Asset (CO), LLC	Delaware
OHI Asset (CT) Lender, LLC	Delaware
OHI Asset (CT) Southport, LLC	Delaware

Subsidiary Name	Home State
OHI Asset (FL) DeFuniak Springs, LLC	Delaware
OHI Asset (FL) Eustis, LLC	Delaware
OHI Asset (FL) Graceville, LLC	Delaware
OHI Asset (FL) Homestead, LLC	Delaware
OHI Asset (FL) Lake City, LLC, fka OHI Asset (FL) Pasco, LLC	Delaware
OHI Asset (FL) Lake Placid, LLC	Delaware
OHI Asset (FL) Lakeland, LLC	Delaware
OHI Asset (FL) Lender, LLC	Delaware
OHI Asset (FL) Lutz, LLC	Delaware
OHI Asset (FL) Marianna, LLC	Delaware
OHI Asset (FL) Melbourne, LLC	Delaware
OHI Asset (FL) Middleburg, LLC	Delaware
OHI Asset (FL) Ormond Beach, LLC	Delaware
OHI Asset (FL) Pensacola - Hillview, LLC	Delaware
OHI Asset (FL) Pensacola, LLC	Delaware
OHI Asset (FL) Pensacola-Nine Mile, LLC	Delaware
OHI Asset (FL) Port St. Joe, LLC	Delaware
OHI Asset (FL) Sebring, LLC	Delaware
OHI Asset (FL), LLC	Delaware
OHI Asset (GA) Cordele, LLC	Delaware
OHI Asset (GA) Dunwoody, LLC	Delaware
OHI Asset (GA) Macon, LLC	Delaware
OHI Asset (GA) Moultrie, LLC	Delaware
OHI Asset (GA) Nashville, LLC	Delaware
OHI Asset (GA) Roswell, LLC	Delaware
OHI Asset (GA) Snellville, LLC	Delaware
OHI Asset (GA) Valdosta, LLC	Delaware
OHI Asset (ID) Holly, LLC	Delaware
OHI Asset (ID) Midland, LLC	Delaware
OHI Asset (ID), LLC	Delaware
OHI Asset (IL), LLC	Delaware
OHI Asset (IN) American Village, LLC	Delaware
OHI Asset (IN) Anderson, LLC	Delaware
OHI Asset (IN) Beech Grove, LLC	Delaware
OHI Asset (IN) Carmel, LLC	Delaware
OHI Asset (IN) C-K, LLC	Delaware
OHI Asset (IN) Clarksville - 101 Potters Ln, LLC	Delaware
OHI Asset (IN) Clarksville, LLC	Delaware
OHI Asset (IN) Clinton, LLC	Delaware
OHI Asset (IN) Connersville, LLC	Delaware
OHI Asset (IN) Corydon, LLC	Delaware
OHI Asset (IN) Crown Point, LLC	Delaware
OHI Asset (IN) Dyer, LLC	Delaware

Subsidiary Name	Home State
OHI Asset (IN) Eagle Valley, LLC	Delaware
OHI Asset (IN) Elkhart, LLC	Delaware
OHI Asset (IN) Forest Creek, LLC	Delaware
OHI Asset (IN) Fort Wayne, LLC	Delaware
OHI Asset (IN) Franklin, LLC	Delaware
OHI Asset (IN) Greenfield, LLC	Delaware
OHI Asset (IN) Greensburg, LLC	Delaware
OHI Asset (IN) Greenwood, LLC	Delaware
OHI Asset (IN) Indianapolis - 4102 Shore Dr, LLC	Delaware
OHI Asset (IN) Indianapolis - 4904 War Admiral, LLC	Delaware
OHI Asset (IN) Indianapolis - 5226 E 82nd St, LLC	Delaware
OHI Asset (IN) Indianapolis – 5404 Georgetown Road, LLC	Delaware
OHI Asset (IN) Indianapolis - 7301 E 16th St, LLC	Delaware
OHI Asset (IN) Indianapolis, LLC	Delaware
OHI Asset (IN) Jasper, LLC	Delaware
OHI Asset (IN) Kokomo - 429 W Lincoln Rd, LLC	Delaware
OHI Asset (IN) Kokomo, LLC	Delaware
OHI Asset (IN) Lafayette, LLC	Delaware
OHI Asset (IN) Madison, LLC	Delaware
OHI Asset (IN) Mishawaka, LLC	Delaware
OHI Asset (IN) Monticello, LLC	Delaware
OHI Asset (IN) New Albany, LLC	Delaware
OHI Asset (IN) Noblesville, LLC	Delaware
OHI Asset (IN) Rosewalk, LLC	Delaware
OHI Asset (IN) Salem, LLC	Delaware
OHI Asset (IN) Sellersburg, LLC	Delaware
OHI Asset (IN) Seymour, LLC	Delaware
OHI Asset (IN) Spring Mill, LLC	Delaware
OHI Asset (IN) Terre Haute - 2222 Margaret Ave, LLC	Delaware
OHI Asset (IN) Terre Haute, LLC	Delaware
OHI Asset (IN) Wabash, LLC	Delaware
OHI Asset (IN) Westfield, LLC	Delaware
OHI Asset (IN) Zionsville, LLC	Delaware
OHI Asset (KY) Beattyville, LLC	Delaware
OHI Asset (KY) Louisville - 1120 Cristland, LLC	Delaware
OHI Asset (KY) Louisville - 2529 Six Mile Lane, LLC	Delaware
OHI Asset (KY) Morgantown, LLC	Delaware
OHI Asset (KY) Owensboro, LLC	Delaware
OHI Asset (LA) Baton Rouge, LLC	Delaware
OHI Asset (LA) Thibodaux, LLC	Delaware
OHI Asset (LA), LLC	Delaware
OHI Asset (MD) Baltimore - Pall Mall, LLC	Delaware
OHI Asset (MD) Baltimore - West Belvedere, LLC	Delaware
OHI Asset (MD) Salisbury, LLC	Delaware

Subsidiary Name	Home State
OHI Asset (MD), LLC	Delaware
OHI Asset (MI) Carson City, LLC	Delaware
OHI Asset (MI) Heather Hills, LLC	Delaware
OHI Asset (MI), LLC	Delaware
OHI Asset (MO) Jackson, LLC	Delaware
OHI Asset (MO), LLC	Delaware
OHI Asset (MS) Byhalia, LLC	Delaware
OHI Asset (MS) Cleveland, LLC	Delaware
OHI Asset (MS) Clinton, LLC	Delaware
OHI Asset (MS) Columbia, LLC	Delaware
OHI Asset (MS) Corinth, LLC	Delaware
OHI Asset (MS) Greenwood, LLC	Delaware
OHI Asset (MS) Grenada, LLC	Delaware
OHI Asset (MS) Holly Springs, LLC	Delaware
OHI Asset (MS) Indianola, LLC	Delaware
OHI Asset (MS) Natchez, LLC	Delaware
OHI Asset (MS) Picayune, LLC	Delaware
OHI Asset (MS) Vicksburg, LLC	Delaware
OHI Asset (MS) Yazoo City, LLC	Delaware
OHI Asset (NC) Abbotts Creek, LP	Delaware
OHI Asset (NC) Alleghany, LP	Delaware
OHI Asset (NC) Barco, LP	Delaware
OHI Asset (NC) Biscoe, LP	Delaware
OHI Asset (NC) Cornelius, LP	Delaware
OHI Asset (NC) Drexel, LP	Delaware
OHI Asset (NC) Fayetteville, LP	Delaware
OHI Asset (NC) Financing VI GP, LLC	Delaware
OHI Asset (NC) GP, LLC	Delaware
OHI Asset (NC) Hallsboro, LP	Delaware
OHI Asset (NC) Marion, LP	Delaware
OHI Asset (NC) Marshville, LP	Delaware
OHI Asset (NC) Mocksville - 1007 Howard Street, LP	Delaware
OHI Asset (NC) Mocksville - 1304 Madison Road, LP	Delaware
OHI Asset (NC) Mount Olive, LP	Delaware
OHI Asset (NC) Nashville, LP	Delaware
OHI Asset (NC) QRS GP, LLC	Delaware
OHI Asset (NC) QRS, Inc.	Delaware
OHI Asset (NC) Raeford, LP	Delaware
OHI Asset (NC) Rocky Mount - 1558 S. Winstead, LP	Delaware
OHI Asset (NC) Rocky Mount - 415 N. Winstead, LP	Delaware
OHI Asset (NC) Salisbury, LP	Delaware
OHI Asset (NC) Saluda, LP	Delaware
OHI Asset (NC) Shallotte, LP	Delaware
OHI Asset (NC) Siler City, LP	Delaware

Subsidiary Name	Home State
OHI Asset (NC) Triad, LP	Delaware
OHI Asset (NC) Wadesboro, LP	Delaware
OHI Asset (NC) Warsaw, LP	Delaware
OHI Asset (NC) Waynesville, LP	Delaware
OHI Asset (NC) Wilmington, LP	Delaware
OHI Asset (NC) Winston Salem, LP	Delaware
OHI Asset (NJ) Plainsboro, LLC	Delaware
OHI Asset (NY) 2nd Avenue, LLC	Delaware
OHI Asset (NY) 93rd Street, LLC	Delaware
OHI Asset (OH) Huber Heights, LLC	Delaware
OHI Asset (OH) Lender, LLC	Delaware
OHI Asset (OH) New London, LLC	Delaware
OHI Asset (OH) Springfield, LLC	Delaware
OHI Asset (OH) Steubenville, LLC	Delaware
OHI Asset (OH) Toledo, LLC	Delaware
OHI Asset (OH) West Carrollton, LLC	Delaware
OHI Asset (OH) West Columbus, LLC	Delaware
OHI Asset (OH), LLC	Delaware
OHI Asset (OR) Portland, LLC	Delaware
OHI Asset (OR) Troutdale, LLC	Delaware
OHI Asset (PA) GP, LLC	Delaware
OHI Asset (PA) Holdings, LLC	Delaware
OHI Asset (PA) Pottsville, LLC	Delaware
OHI Asset (PA) Selinsgrove, LLC	Delaware
OHI Asset (PA) West Mifflin, LP	Delaware
OHI Asset (PA), LLC	Delaware
OHI Asset (PA), LP	Maryland
OHI Asset (SC) Aiken, LLC	Delaware
OHI Asset (SC) Anderson, LLC	Delaware
OHI Asset (SC) Easley Anne, LLC	Delaware
OHI Asset (SC) Easley Crestview, LLC	Delaware
OHI Asset (SC) Edgefield, LLC	Delaware
OHI Asset (SC) Five Forks, LLC	Delaware
OHI Asset (SC) Greenville Cottages, LLC	Delaware
OHI Asset (SC) Greenville Griffith, LLC	Delaware
OHI Asset (SC) Greenville Laurens, LLC	Delaware
OHI Asset (SC) Greenville North, LLC	Delaware
OHI Asset (SC) Greenville, LLC	Delaware
OHI Asset (SC) Greer, LLC	Delaware
OHI Asset (SC) Marietta, LLC	Delaware
OHI Asset (SC) McCormick, LLC	Delaware
OHI Asset (SC) Orangeburg, LLC	Delaware
OHI Asset (SC) Pickens East Cedar, LLC	Delaware
OHI Asset (SC) Pickens Rosemond, LLC	Delaware

Subsidiary Name	Home State
OHI Asset (SC) Piedmont, LLC	Delaware
OHI Asset (SC) Simpsonville SE Main, LLC	Delaware
OHI Asset (SC) Simpsonville West Broad, LLC	Delaware
OHI Asset (SC) Simpsonville West Curtis, LLC	Delaware
OHI Asset (TN) Bartlett, LLC	Delaware
OHI Asset (TN) Byrdstown, LLC	Delaware
OHI Asset (TN) Cleveland, LLC	Delaware
OHI Asset (TN) Collierville, LLC	Delaware
OHI Asset (TN) Columbia, LLC	Delaware
OHI Asset (TN) Elizabethton, LLC	Delaware
OHI Asset (TN) Erin, LLC	Delaware
OHI Asset (TN) Greeneville, LLC	Delaware
OHI Asset (TN) Harriman, LLC	Delaware
OHI Asset (TN) Jamestown, LLC	Delaware
OHI Asset (TN) Jefferson City, LLC	Delaware
OHI Asset (TN) Memphis - 1150 Dovecrest, LLC	Delaware
OHI Asset (TN) Memphis, LLC	Delaware
OHI Asset (TN) Monteagle, LLC	Delaware
OHI Asset (TN) Monterey, LLC	Delaware
OHI Asset (TN) Mountain City, LLC	Delaware
OHI Asset (TN) Nashville, LLC	Delaware
OHI Asset (TN) Pigeon Forge, LLC	Delaware
OHI Asset (TN) Ridgely, LLC	Delaware
OHI Asset (TN) Rockwood, LLC	Delaware
OHI Asset (TN) Rogersville - 109 Highway 70 North, LLC	Delaware
OHI Asset (TN) Rogersville, LLC	Delaware
OHI Asset (TN) South Pittsburg, LLC	Delaware
OHI Asset (TN) Spring City, LLC	Delaware
OHI Asset (TN) Westmoreland, LLC	Delaware
OHI Asset (TX) Anderson, LLC	Delaware
OHI Asset (TX) Athens, LLC	Delaware
OHI Asset (TX) Bertram, LLC	Delaware
OHI Asset (TX) Bryan, LLC	Delaware
OHI Asset (TX) Burleson, LLC	Delaware
OHI Asset (TX) College Station, LLC	Delaware
OHI Asset (TX) Comfort, LLC	Delaware
OHI Asset (TX) Crane, LLC	Delaware
OHI Asset (TX) Diboll, LLC	Delaware
OHI Asset (TX) Eastland, LLC	Delaware
OHI Asset (TX) Granbury, LLC	Delaware
OHI Asset (TX) Hillsboro, LLC	Delaware
OHI Asset (TX) Hondo, LLC	Delaware
OHI Asset (TX) Italy, LLC	Delaware
OHI Asset (TX) Lakeway – Mob Unit 3B, LLC	Delaware

Subsidiary Name	Home State
OHI Asset (TX) Lamesa, LLC	Delaware
OHI Asset (TX) Longview, LLC	Delaware
OHI Asset (TX) Midland Main, LLC	Delaware
OHI Asset (TX) Midland Sage, LLC	Delaware
OHI Asset (TX) Monahans, LLC	Delaware
OHI Asset (TX) Odessa, LLC	Delaware
OHI Asset (TX) Poteet, LLC	Delaware
OHI Asset (TX) Premont, LLC	Delaware
OHI Asset (TX) Refugio, LLC	Delaware
OHI Asset (TX) San Saba, LLC	Delaware
OHI Asset (TX) Schertz, LLC	Delaware
OHI Asset (TX) Winnsboro ALF, LLC	Delaware
OHI Asset (TX) Winnsboro, LLC	Delaware
OHI Asset (TX), LLC	Delaware
OHI Asset (UT) Ogden, LLC	Delaware
OHI Asset (UT) Provo, LLC	Delaware
OHI Asset (UT) Roy, LLC	Delaware
OHI Asset (VA) Ashland, LLC	Delaware
OHI Asset (VA) Charlottesville - 1165 Pepsi Place, LLC	Delaware
OHI Asset (VA) Charlottesville, LLC	Delaware
OHI Asset (VA) Chesapeake, LLC	Delaware
OHI Asset (VA) Farmville, LLC	Delaware
OHI Asset (VA) Galax, LLC	Delaware
OHI Asset (VA) Greenwood-Portsmouth, LLC	Delaware
OHI Asset (VA) Hillsville, LLC	Delaware
OHI Asset (VA) Madison, LLC	Delaware
OHI Asset (VA) Martinsville ALF, LLC	Delaware
OHI Asset (VA) Martinsville SNF, LLC	Delaware
OHI Asset (VA) Mechanicsville, LLC	Delaware
OHI Asset (VA) Midlothian, LLC	Delaware
OHI Asset (VA) Mt Vernon, LLC	Delaware
OHI Asset (VA) Newton-Norfolk, LLC	Delaware
OHI Asset (VA) Norfolk – 3900 Llewellyn, LLC	Delaware
OHI Asset (VA) Norfolk, LLC	Delaware
OHI Asset (VA) Portsmouth, LLC	Delaware
OHI Asset (VA) Richmond - 2420 Pemberton Road, LLC	Delaware
OHI Asset (VA) Richmond - 9101 Bon Air, LLC	Delaware
OHI Asset (VA) Rocky Mount, LLC	Delaware
OHI Asset (VA) Suffolk, LLC	Delaware
OHI Asset (WA) Battle Ground, LLC	Delaware
OHI Asset (WA) Fort Vancouver, LLC	Delaware
OHI Asset (WV) Danville, LLC	Delaware
OHI Asset (WV) Ivydale, LLC	Delaware
OHI Asset CHG ALF, LLC	Delaware

Subsidiary Name	Home State
OHI Asset C-L, LLC	Delaware
OHI Asset CSB LLC	Delaware
OHI Asset CSE-E Subsidiary, LLC	Delaware
OHI Asset CSE-E, LLC	Delaware
OHI Asset CSE-U Subsidiary, LLC	Delaware
OHI Asset CSE-U, LLC	Delaware
OHI Asset DB Collateral Agent, LLC	Delaware
OHI Asset HUD CFG, LLC	Delaware
OHI Asset HUD Delta, LLC	Delaware
OHI Asset HUD H-F, LLC	Delaware
OHI Asset HUD SF CA, LLC	Delaware
OHI Asset HUD SF, LLC	Delaware
OHI Asset HUD WO, LLC	Delaware
OHI Asset II (CA), LLC	Delaware
OHI Asset II (FL), LLC	Delaware
OHI Asset II (PA), LP	Maryland
OHI Asset III (PA), LP	Maryland
OHI Asset IV (PA) Silver Lake, LP	Maryland
OHI Asset Management, LLC	Delaware
OHI Asset RO PMM Services, LLC	Delaware
OHI Asset RO, LLC	Delaware
OHI Asset S-A, LLC	Delaware
OHI Asset S-W, LLC	Delaware
OHI Asset, LLC	Delaware
OHI Baugh House Ltd	United Kingdom
OHI Burrows House Ltd	United Kingdom
OHI Cayman Islands	Cayman Islands
OHI Crestwood RE, LLC	Delaware
OHI GCH Holdings Ltd	United Kingdom
OHI Healthcare Homes Ltd	United Kingdom
OHI Healthcare Properties Limited Partnership	Delaware
OHI Heath Lodge and Autumn Vale Ltd	United Kingdom
OHI ISNP, LLC	Delaware
OHI Lima Properties Ltd	United Kingdom
OHI Lucton House Ltd	United Kingdom
OHI Malthouse Care Home Ltd	United Kingdom
OHI Manor House Ltd	United Kingdom
OHI Mezz Lender, LLC	Delaware
OHI Park House Care Home Ltd	United Kingdom
OHI Peregrine House Ltd	United Kingdom
OHI Rose Garden Ltd	United Kingdom
OHI Tennessee, LLC	Maryland
OHI UK Healthcare Properties Ltd	United Kingdom
OHI West Drayton Ltd	United Kingdom

Subsidiary Name	Home State
OHI Woodbridge Ltd	United Kingdom
OHI-LG Asset Management, LLC	Delaware
OHI-LG Investment, LLC	Delaware
OHIMA, LLC	Massachusetts
Ohio Aviv Three, L.L.C.	Delaware
Ohio Aviv Two, L.L.C.	Delaware
Ohio Aviv, L.L.C.	Delaware
Ohio Indiana Property, L.L.C.	Delaware
Ohio Pennsylvania Property, L.L.C.	Delaware
Oklahoma Two Property, L.L.C.	Delaware
Oklahoma Warr Wind, L.L.C.	Delaware
Omaha Associates, L.L.C.	Delaware
Omega TRS I, Inc.	Maryland
Orange ALF Property, L.L.C.	Delaware
Orange Village Care Center, LLC	Ohio
Orange, L.L.C.	Illinois
Oregon Associates, L.L.C.	Delaware
Oso Avenue Property, L.L.C.	Delaware
Ostrom Avenue Property, L.L.C.	Delaware
Palm Valley Senior Care, LLC	Arizona
Panama City Nursing Center LLC	Delaware
Pavillion North Partners, LLC	Pennsylvania
Pavillion North, LLP	Pennsylvania
Pavillion Nursing Center North, LLC	Pennsylvania
Peabody Associates Two, L.L.C.	Delaware
Peabody Associates, L.L.C.	Delaware
Pennington Road Property, L.L.C.	Delaware
Pensacola Real Estate Holdings I, LLC	Florida
Pensacola Real Estate Holdings II, LLC	Florida
Pensacola Real Estate Holdings III, LLC	Florida
Pensacola Real Estate Holdings IV, LLC	Florida
Pensacola Real Estate Holdings V, LLC	Florida
Plainsboro Assisted Living Urban Renewal, LLC	Connecticut
Pocatello Idaho Property, L.L.C.	Delaware
Pomona Vista L.L.C.	Illinois
Pottsville Holdings 1, LLC	Delaware
Pottsville Holdings 2, LLC	Delaware
Pottsville RE Owner, LLC	Delaware
Prescott Arkansas, L.L.C.	Delaware
PV Realty-Clinton, LLC	Maryland
PV Realty-Holly Hill, LLC	Maryland
PV Realty-Kensington, LLC	Maryland
PV Realty-Willow Tree, LLC	Maryland
Raton Property Limited Company	New Mexico

Subsidiary Name	Home State
Ravenna Ohio Property, L.L.C.	Delaware
Red Rocks, L.L.C.	Illinois
Richland Washington, L.L.C.	Delaware
Ridgecrest Senior Care, LLC	Arizona
Riverside Nursing Home Associates Two, L.L.C.	Delaware
Riverside Nursing Home Associates, L.L.C.	Delaware
Rockingham Drive Property, L.L.C.	Delaware
Rose Baldwin Park Property L.L.C.	Illinois
S.C. Portfolio Property, L.L.C.	Delaware
Salem Associates, L.L.C.	Delaware
San Juan NH Property, LLC	Delaware
Sandalwood Arkansas Property, L.L.C.	Delaware
Santa Ana-Bartlett, L.L.C.	Illinois
Santa Fe Missouri Associates, L.L.C.	Illinois
Savoy/Bonham Venture, L.L.C.	Delaware
Searcy Aviv, L.L.C.	Delaware
Sedgwick Properties, L.L.C.	Delaware
Seguin Texas Property, L.L.C.	Delaware
Selinsgrove Holdings 1, LLC	Delaware
Selinsgrove Holdings 2, LLC	Delaware
Selinsgrove RE Owner LLC	Delaware
Sierra Ponds Property, L.L.C.	Delaware
Skyler Boyington, LLC	Mississippi
Skyler Florida, LLC	Mississippi
Skyler Maitland LLC	Delaware
Skyler Pensacola, LLC	Florida
Skyview Associates, L.L.C.	Delaware
SLC Property Investors, LLC	Delaware
Southeast Missouri Property, L.L.C.	Delaware
Southern California Nevada, L.L.C.	Delaware
St. Joseph Missouri Property, L.L.C.	Delaware
St. Mary’s Properties, LLC	Ohio
Star City Arkansas, L.L.C.	Delaware
STBA Properties, L.L.C.	Delaware
Stephenville Texas Property, L.L.C.	Delaware
Sterling Acquisition, LLC	Kentucky
Stevens Avenue Property, L.L.C.	Delaware
Sun-Mesa Properties, L.L.C.	Illinois
Suwanee, LLC	Delaware
Texas Fifteen Property, L.L.C.	Delaware
Texas Four Property, L.L.C.	Delaware
Texas Lessor - Stonegate GP, LLC	Maryland
Texas Lessor - Stonegate Limited, LLC	Maryland
Texas Lessor - Stonegate, LP	Maryland

Subsidiary Name	Home State
Texhoma Avenue Property, L.L.C.	Delaware
The Suburban Pavilion, LLC	Ohio
Trident Encore-U LLC	Delaware
Tujunga, L.L.C.	Delaware
Tulare County Property, L.L.C.	Delaware
Twinsburg Ohio Property, L.L.C.	Delaware
VRB Aviv, L.L.C.	Delaware
Washington Idaho Property, L.L.C.	Delaware
Washington Lessor - Silverdale, LLC	Maryland
Washington-Oregon Associates, L.L.C.	Illinois
Watauga Associates, L.L.C.	Illinois
Wellington Leasehold, L.L.C.	Delaware
West Pearl Street, L.L.C.	Delaware
West Yarmouth Property I, L.L.C.	Delaware
West Yarmouth Property II, L.L.C.	Delaware
Westerville Ohio Office Property, L.L.C.	Delaware
Weston ALF Property, L.L.C.	Delaware
Wheeler Healthcare Associates, L.L.C.	Texas
Whitlock Street Property, L.L.C.	Delaware
Wilcare, LLC	Ohio
Willis Texas Aviv, L.L.C.	Delaware
Yuba Aviv, L.L.C.	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Form S-8 Registration Statements (File Nos. 333-22595, 333-189144 and 333-117656) related to the 2018 Stock Incentive Plan (formerly known as the 2013 Stock Incentive Plan and 2004 Stock Incentive Plan) of Omega Healthcare Investors, Inc.;
(2) Form S-3 Registration Statement (File No. 333-227148) related to the registration of preferred stock, common stock, warrants, and units of Omega Healthcare Investors, Inc.;
(3) Form S-3 Registration Statement (File No. 333-228321) pertaining to the debt securities and guarantees of debt securities of Omega Healthcare Investors, Inc.; and
(4) Form S-8 Registration Statement (File No. 333-234599) pertaining to the Omega Healthcare Investors, Inc. Employee Stock Purchase Plan

of our reports dated February 28, 2020, with respect to the consolidated financial statements and schedules of Omega Healthcare Investors, Inc. and the effectiveness of internal control over financial reporting of Omega Healthcare Investors, Inc., included in this Annual Report (Form 10-K) of Omega Healthcare Investors, Inc. for the year ended December 31, 2019.

/s/ Ernst & Young LLP

Baltimore, Maryland
February 28, 2020

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Form S-8 Registration Statements (File Nos. 333-22595, 333-189144 and 333-117656) related to the 2018 Stock Incentive Plan (formerly known as the 2013 Stock Incentive Plan and 2004 Stock Incentive Plan) of Omega Healthcare Investors, Inc.;
(2) Form S-3 Registration Statement (File No. 333-227148) related to the registration of preferred stock, common stock, warrants, and units of Omega Healthcare Investors, Inc.;
(3) Form S-3 Registration Statement (File No. 333-228321) pertaining to the debt securities and guarantees of debt securities of Omega Healthcare Investors, Inc.; and
(4) Form S-8 Registration Statement (File No. 333-234599) pertaining to the Omega Healthcare Investors, Inc. Employee Stock Purchase Plan

of our reports dated February 28, 2020, with respect to the consolidated financial statements and schedules of OHI Healthcare Properties Limited Partnership and the effectiveness of internal control over financial reporting of OHI Healthcare Properties Limited Partnership, included in this Annual Report (Form 10-K) of Omega Healthcare Investors, Inc. for the year ended December 31, 2019.

/s/ Ernst & Young LLP

Baltimore, Maryland
February 28, 2020

Exhibit 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Certification

I, C. Taylor Pickett, certify that:

1. I have reviewed this Annual Report on Form 10-K of Omega Healthcare Investors, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2020

/S/ C. TAYLOR PICKETT
C. Taylor Pickett
Chief Executive Officer

Exhibit 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION OF CHIEF FINANCIAL OFFICER

Certifications

I, Robert O. Stephenson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Omega Healthcare Investors, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2020

/S/ ROBERT O. STEPHENSON
Robert O. Stephenson
Chief Financial Officer

Exhibit 31.3

RULE 13a-14(a)/15d-14(a) CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Certification

I, C. Taylor Pickett, certify that:

1. I have reviewed this Annual Report on Form 10-K of OHI Healthcare Properties Limited Partnership;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2020

/S/ C. TAYLOR PICKETT
C. Taylor Pickett
Chief Executive Officer

Exhibit 31.4

RULE 13a-14(a)/15d-14(a) CERTIFICATION OF CHIEF FINANCIAL OFFICER

Certifications

I, Robert O. Stephenson, certify that:

1. I have reviewed this Annual Report on Form 10-K of OHI Healthcare Properties Limited Partnership;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2020

/S/ ROBERT O. STEPHENSON
Robert O. Stephenson
Chief Financial Officer

Exhibit 32.1

**SECTION 1350 CERTIFICATION
OF THE CHIEF EXECUTIVE OFFICER**

I, C. Taylor Pickett, Chief Executive Officer of Omega Healthcare Investors, Inc. (the “Company”), hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) the Annual Report on Form 10-K of the Company for the year ended December 31, 2019 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2020

/S/ C. TAYLOR PICKETT
C. Taylor Pickett
Chief Executive Officer

Exhibit 32.2

SECTION 1350 CERTIFICATION
OF THE CHIEF FINANCIAL OFFICER

I, Robert O. Stephenson, Chief Financial Officer of Omega Healthcare Investors, Inc. (the "Company"), hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to the best of my knowledge:

(1) the Annual Report on Form 10-K of the Company for the year ended December 31, 2019 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2020

/S/ ROBERT O. STEPHENSON

Robert O. Stephenson
Chief Financial Officer

Exhibit 32.3

SECTION 1350 CERTIFICATION
OF THE CHIEF EXECUTIVE OFFICER

I, C. Taylor Pickett, Chief Executive Officer of OHI Healthcare Properties Limited Partnership (the “Partnership”), hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) the Annual Report on Form 10-K of the Partnership for the year ended December 31, 2019 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: February 28, 2020

/S/ C. TAYLOR PICKETT

C. Taylor Pickett
Chief Executive Officer

Exhibit 32.4

SECTION 1350 CERTIFICATION
OF THE CHIEF FINANCIAL OFFICER

I, Robert O. Stephenson, Chief Financial Officer of OHI Healthcare Properties Limited Partnership (the “Partnership”), hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to the best of my knowledge:

(1) the Annual Report on Form 10-K of the Partnership for the year ended December 31, 2019 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: February 28, 2020

/S/ ROBERT O. STEPHENSON
Robert O. Stephenson
Chief Financial Officer