HILLIARD LYONS

Healthcare Real Estate Investment Trusts
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COMPANY UPDATE/ESTIMATE/ PRICE TARGET CHANGE

Key Metrics

OHI - NYSE - as of 2/13/18		$26.96
2-3 Year Price Target		$ 36.00
52-Week Range	$24.90 -	$35.14
Shares Outstanding (mm)		198.3
Market Cap. ($mm)		$5,346.2
1-Mo. Average Daily Volume		1,062,000
Institutional Ownership		85.0%
Debt/Total Capital	Dec-17	44.4%
Est 3-year FFO Growth Rate		6.0%
Est 3-year Dividend Growth Rate		1.0%
Book Value		$ 21.40
Dividend		$ 2.64
Dividend Yield		9.79%
Est. Fixed Charge Coverage		4.3 X

FFO Per share

	2016		2017		Prior 2018E	Current 2018E
1Q	$0.83	--	$0.86		$0.80	$0.75
2Q	$0.87	--	$0.87		$0.87	$0.73
3Q	$0.83	--	$0.79		$0.89	$0.76
4Q	$0.88	--	$0.79		$0.92	$0.80
Year	$3.41		$3.30	*	$3.47	$3.04
P/E	7.9x		8.2x			8.9x

*-May not add up due to rounding, not restated.

Revenue ($mm)

	2016		2017	Prior 2018E	Current 2018E
1Q	$212.9	--	$231.7	$235.9	$219.3
2Q	$228.8	--	$235.8	$254.5	$216.6
3Q	$224.6	--	$219.6	$261.0	$221.1
4Q	$234.5	--	$221.2	$269.9	$231.6
Year	$902.8		$908.3	$1,021.4	$888.6

Company Description: *Omega Healthcare Investors, headquartered in Hunt Valley, MD, is a real estate investment trust (REIT) that has investments in healthcare facilities, specifically skilled nursing facilities, located throughout the country and in the UK. The company also owns a small number of assisted living facilities and specialty hospitals.*

Omega Healthcare Investors, Inc.

OHI -- NYSE – Long-term Buy-3

Q4 Conference Call Discussion

Investment Highlights

- We felt very good about the conference call, as management seemed rather upbeat and very positive on the future outlook of the company. They offered a path forward on the company's problem tenants, how they expected to replace them with new operators or through renegotiation of existing contracts. They also noted that the coverage ratios on OHI's leases have begun to turnaround and some positive movement on the regulatory/reimbursement front. Overall we saw the management commentary as positive, with 2018 being a somewhat transitional year to set the company up for consistent growth in 2019 and beyond.
- We are adjusting our Q1 FFO estimate to $0.75 a share to reflect higher G&A expense around added legal expense as OHI works with problem tenants and for the increased level of dilutive divestitures. These same issues will impact Q2 and to a lesser degree the remainder of 2018. Our 2018 FFO estimate is now $3.04 a share. We are also adjusting our 2019 estimate to $3.21, assuming the company increases investment activity to be more in line with historical numbers.
- We note that we do not anticipate that OHI will increase the dividend in 2018, although management stressed that they believe the payment is safe and will continue at the current level. We expect the problems seen at the three tenants discussed over the last several quarters will be cured through new operators or new agreements. In fact, management noted that one is already back to paying full rent. We believe that management is staying proactive here. We are adjusting our two-three year price target to $36 a share, or 10.0 times our 2021 FFO projection, which investors will be contemplating by that time. The 10.0 times multiple is below historic norms, and well below OHI's peer group and which we believe is appropriate given the near term risk.

Note Important Disclosures on Pages 7-8.
Note Analyst Certification on Page 7.

Conference Call Discussion, Continued

We found the company's conference call to be very upbeat despite the current problems management is confronting with the three problem tenants discussed in recent reports. While they stretched out the expected timetable for getting back payments from Orianna until later in 2018, they noted that they were close to an agreement with the company. They also noted that another problem tenant, Daybreak, is already back to paying its full rent and anticipated to make up the arears by the end of 2018. The other problem tenant, Signature, is currently paying about three-quarters of contracted rent, and management is in negotiations with the company to cure that issue as well. They anticipate an agreement here shortly, with the contracted rent likely to be down about 10% from the current level (already in company guidance). Management stressed that it is seeing no other issues with any of its other top tenants, and in fact that they are all doing at or above plan. We continue to believe that market's reaction to these issues are likely overdone, especially in the longer term, but in the near term they could very well continue to weigh on OHI shares and cause additional volatility. OHI's leases tend to be long in nature with built in escalators, so the company should see the remainder of its portfolio generate positive cash flow growth, offsetting some/all of the loss in rent from renegotiations. The company did note that another tenant has recently entered bankruptcy due to a large negative legal judgement in Kentucky. However, they noted that its properties leased to this company (Preferred Care) are in different states and all doing well, so any impact here should be limited.

At this point, the major negative issues seen by the company's tenants (nursing home operators) are an increase in labor costs and a reduction in census. In particular, the labor cost issue is being driven by a dearth of nurses. The skilled nursing area is not exactly the most glamourous area for a nurse to work, so there is a general shortage in the industry, and facilities are having to pay up to attract them, and use overtime to cover a general lack of nurses. As a result, overall labor costs are up for the industry, with OHI management citing a 2.9% increase for labor costs over all of its operators. A decline in residents has also been an issue, although management does believe this is more temporary in nature and that we should see a recovery here in 2019 as the population continues to age. Occupancy currently stands at 82.2% across the company's portfolio, actually up 10 basis points from the year ago number, although down from the previous two quarters. We expect that the bad flu season may drive occupancy down in the near term before hitting bottom, after which we anticipate a general increase going forward. Management backed up this supposition with a recently completed study on demographic trends that indicate that the current neutral environment for nursing home occupancy should turn sharply positive later in 2019.

The coverage ratio for the company's operators on a trailing twelve month basis has actually improved, as the company eliminated some of its problem assets through sales, leases to better operators, etc. The coverage ratio moved up to 1.72 times from 1.71 times gross. Management noted that the headwinds that have created problems for operators are beginning to subside, with the reimbursement environment currently standing at neutral to positive. The legislative environment for skilled nursing is the most positive in decades, with the recent repeal of Medicaid caps for therapy, which is expected to restore more than $800 million in funding, and a low risk for cuts following the recent budget agreement. As such, the negative Medicaid environment for SNFs has receded.

In discussing the rationalization of the property portfolio, management noted that the recent sales cost the company $24 million in cash flow, but the rents received on those properties did not cover the cash flow. The properties were sold at a 10.4% return, very good for properties that were losing money. Management noted that it anticipated growing its assisted living portfolio, with the crown jewel being its New York City project, which is expected to cost more than $200 million and open in mid-2019. We see a solid bump in cash flow when the property opens. Much of the growth here will be on the higher yielding construction side, rather than from acquisitions. We note that there is likely to be an initial dilutive impact from the asset sales, even once the proceeds of the sales are reinvested, as management anticipates the purchase of higher quality skilled nursing facilities at around 9 ½% with the proceeds of assets sales. We note, however, that there will be much better growth from these assets meaning that returns will be better over time.

Management offered an initial normalized funds from operations guidance of $2.96 to $3.06 a share in 2018 based on dilution from the asset sales last year as well as an additional number likely to amount to about $400 million (a total of nearly 6% of assets), and the negative impact of the client issues discussed earlier. No additional investment/acquisitions are included in this number. Management expects the cash flow numbers to drop early in the year and trend up as the year progresses with some of the money reinvested and the Orianna and Signature problems being cured. In fact, by yearend 2018, management expects the number to be back up towards what we saw at the end of 2017, with a base for growth going forward. We are adjusting our estimate to a very conservative $3.04 a share, with expectations for an additional $250 million in new investments beyond what management has already guided, which we believe will be held down well below recent levels due to management concentrating on asset sales. Management stressed that the current environment is nothing like we saw in the late '90s and early '00s and that the company has put together a very strong management team, including on the construction side. Interestingly, management as part of its commentary said that they expect to provide investors with substantial shareholder returns over the coming five years. We believe this is a function of the depressed stock price, high dividend, which management believe is sustainable and suggested that it can be increased again once growth returns, the improved regulatory environment, and the strong fundamental picture that management laid out. This is something that we have not heard a management team relay to investors before in a public forum and of course management's intentions are never guaranteed.

Q1 and 2018 Outlook

Following our analysis of the company's Q4 results and management's discussion of business conditions and the increased level of asset sales we are fine-tuning our 2018 FFO estimate to $3.04 a share, within management's guidance range. We are being conservative, as we are assuming additional investment later in the year. Our Q1 estimate is now $0.75 a share due to the dilution and higher G&A expense. We are assuming no additional underwritten equity raise, other than incremental amounts from the DRP. Our 2019 FFO estimate is $3.21 a share, which we believe is reasonable and compares to the consensus number of $3.19.

Valuation

Using our $3.04 a share estimate for 2018, OHI shares are trading at 8.9 times current year FFO (8.5 times intra-day). This is a significant discount to the peer group, as shown in the table on the following page, and well below its historic trading levels. Further, its yield is more than three percentage points above that of the peer group with a lower payout ratio, yet the company has offered very consistent dividend increases on a quarterly basis in excess of its peers. Add to that the demographic attributes of the group and depressed nature of current cash flow and it is a very attractive class of healthcare real estate at the right price, in our view. Typical historical multiples on current year FFO for the group has been in a range of 8 to 14 with the exclusion of the market dislocation in 2008-09 and peaks in 2006-07. The company's current multiple sits at the low end of that range. We note that the current group multiple sits closer to the middle of that range, at 11.6 times, although we believe this actually understates the multiple in light of the reduction in forward results that have been produced by the three companies that have announced so far. We are retaining our target multiple at 10.0 times, still well below the peer group, although a solid level of multiple expansion from the current depressed levels and are now using our projection for 2021, which investors will be looking at 2 years out. With that estimate at $3.60 our price target is $36, down $2 from our previous target.

Health Care REITs		Closing Price	Current		2018E	FFO		2-Year Average	Price / FFO	
	Symbol	2/13/2018	Dividend	Yield	Payout Ratio	2017E	2018E	Growth Rate	2017E	2018E
Welltower, Inc.	HCN	$55.08	$3.48	6.3%	81.9%	$4.26	$4.25	-3.4%	12.9x	13.0x
Sabra Healthcare	SBRA	$16.35	$1.80	11.0%	72.3%	$2.45	$2.49	-9.5%	6.7x	6.6x
National Health Investors	NHI	$64.60	$3.80	5.9%	70.4%	$5.27	$5.40	5.3%	12.3x	12.0x
Ventas, Inc.	VTR	$50.72	$3.16	6.2%	77.1%	$4.16	$4.10	-0.4%	12.2x	12.4x
HCP, Inc.	HCP	$22.43	$1.48	6.6%	81.8%	$1.95	$1.81	-18.7%	11.5x	12.4x
LTC Properties, Inc.	LTC	$38.20	$2.28	6.0%	70.2%	$3.09	$3.25	3.1%	12.4x	11.8x
Health Care Sector Average		**$41.23**	**$2.67**	**6.5%**	**75.1%**	**$3.53**	**$3.55**	**-2.5%**	**11.7x**	**11.6x**
Omega Healthcare Investors	OHI	$26.96	$2.64	9.8%	86.8%	$3.30	$3.04	-5.6%	8.2x	8.9x

Note: HCP, LTC, VTR and NHI are rated Neutral, HCN is rated Underperform by Hilliard Lyons, SBRA is not covered

Source: NAREIT, Baseline and Hilliard Lyons' estimates.

The 2017 numbers for OHI, HCP and VTR are actuals.

Suitability

OHI has a suitability rating of 3 on our 1-4 scale. We find the company to have a strong balance sheet, while the triple net structure of most of its leases limit its property risk. Its real estate ownership is also a positive factor, as is the company's geographic and operator diversification, with the largest portfolio of skilled nursing properties in the industry. On the other hand, the company is highly exposed to the skilled nursing sector, with the bulk of its operator revenue paid by Medicare and Medicaid adding risk due to potential political issues. The company is also exposed to several problem tenants, and increased labor costs could be stressing these operators' ability to pay rent.

Rating

Our rating remains at Long-term Buy with near term pressure likely on the stock (as well as the group as a whole) due to the likelihood of higher interest rates, especially in light of this morning's higher than expected CPI numbers. Beyond that, pressure on the companies' tenants are also unlikely to create a positive environment for the stock in the near term, as well as negative comps around the increase in dilutive asset sales. As such, a Long-term Buy rating is the most appropriate rating for the shares in light of this uncertainty and the negative comps which are likely to pressure the shares. The price of OHI shares remains compelling, but it is likely to be some time before investors recognize this value. However, we note that investors are well paid to wait, with the yield on OHI shares topping 10% (intra-day). As investors digest the issues around OHI's tenants and their operating issues, the stock could continue to see some pressure, especially with the hiatus on dividend increases. However, we still believe that over the coming couple of years this pressure will abate and the company's cash flow and valuable real estate base will overcome the negative issue and drive the share price toward our target, which remains well below recent highs in the shares, in spite of the asset value and high dividend yield. Add onto that the demographic wave that is coming as management outlined on the call. Including the company's premium dividend yield, the potential total return stands at over 60% (intra-day) over the coming 2-3 years should the company's shares reach our price target.

Risks

There are a number of risks in owning OHI shares and REITs as an investment group. REITs in general need access to debt capital to grow, if such debt capital is unavailable, the company may have difficulty in growing. The company's dividend is very attractive to shareholders, and OHI, as well as REITs in general, have seen their prices rise with the decline in overall interest rates. Should rates rise, that could hurt OHI's share price. Because of their thirst for debt, changes in interest rates can also impact a REIT's cash flow and ability to make accretive acquisitions. OHI's dependence upon the long-term care sector of the health care real estate group could create issues due to the government paying much of its rent. Reimbursements being cut, labor, census or other issues would have an impact on its tenant base, which in turn could have a negative impact on OHI. It is always possible that the company could make a poor acquisition in the future. OHI's geographic exposure to Florida might be an issue if the state has further economic problems and is forced to cut reimbursements to providers claiming Medicaid payments. There is also integration risk with all of the deals that OHI is doing and of individual deals being completed. Changes in the Affordable Care Act could also be an issue.

Annual yield is calculated by dividing the distribution amount by the current market price of the security. For US income tax purposes, the Company may classify all or a portion of its distributions as dividends or other non-dividend distributions. Note that for some investors, for US income tax purposes all or a portion of the Company's 2017 dividend or distribution was treated as return of capital and not as "dividend income" as reflected on the IRS Form 1099-Div for the 2017 tax year. The Company generally makes a final determination regarding the proper tax treatment of distributions after calendar year end. We urge each shareholder to consult with his or her own tax advisor to determine the tax consequences of the distributions received, including any state, local or foreign tax considerations.

Omega Healthcare Investors	2014	2015			2016					2017					2018E		
In Thousands	Year	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Revenues:																	
Rental Income	$388,443	$605,991	$176,703	$186,454	$185,837	$194,891	$743,885	$192,537	$193,997	$194,063	$194,579	$775,176	$192,139	$188,865	$188,334	$190,701	$760,039
Mortgage interest income	$53,007	$68,910	$16,606	$21,371	$15,996	$15,838	$69,811	$15,956	$16,297	$16,920	$17,029	$66,202	$17,335	$17,645	$17,955	$18,265	$71,202
Other Income	$6,366	$8,780	$4,128	$5,478	$7,194	$7,210	$24,010	$6,914	$7,278	$7,245	$7,788	$29,225	$7,951	$8,121	$8,092	$7,998	$32,162
Nursing Home Revenues	$0	$0					$0					$0					$0
Income from Direct Financing Leases	$56,719	$59,936	$15,442	$15,521	$15,611	$15,724	$62,298	$15,646	$15,462	$614	$614	$32,336	$625	$750	$5,450	$13,380	$20,205
Miscellaneous	$252	$0	$0	$0	$0	$823	$823	$691	$2,763	$796	$1,196	$5,446	$1,200	$1,200	$1,300	$1,300	$5,000
	$504,787	$743,617	$212,879	$228,824	$224,638	$234,486	$900,827	$231,744	$235,797	$219,638	$221,206	$908,385	$219,251	$216,582	$221,131	$231,645	$888,608
Expenses																	
General & Administrative	$17,296	$27,435	$7,677	$8,167	$8,755	$7,478	$32,077	$8,780	$7,807	$7,688	$8,218	$32,493	$9,976	$9,746	$8,071	$8,223	$36,017
Interest & Amort of deferred financing	126,825	162,447	39,666	41,857	47,237	46,872	175,632	47,539	50,374	49,607	50,339	197,859	50,464	50,444	49,930	50,632	201,471
Acquisition Costs	-	57,525	3,771	3,504	2,309	(2)	9,582	(41)	19	-	-	(22)	2,000	2,000	2,000	2,000	8,000
Impairments	3,644	17,681	34,558	(1,154)	17,275	-	50,679	7,638	10,135	224,395	63,691	305,859	-	-	-	-	-
Bad Debt Expense, net	2,739	7,873	5,124	-	-	5,878	11,002	2,404	2,673	-	913	5,990	-	-	-	-	-
Stock-based comp.	8,592	11,133	2,778	3,665	3,673	3,674	13,790	3,744	3,734	3,872	3,862	15,212	3,500	4,000	3,750	4,250	15,500
Other	3,948	(2)	-	6,893	(3)	-	6,890	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortization	123,257	210,703	62,433	65,505	68,316	70,808	267,062	69,993	70,350	71,925	75,323	287,591	72,062	70,961	70,812	71,614	285,449
Total Expenses	$286,301	$494,795	$156,007	$128,437	$147,562	$134,708	$566,714	$140,057	$145,092	$357,487	$202,346	$844,982	$138,002	$137,151	$134,563	$136,720	$546,436
Income from Operations	$218,486	$248,822	$56,872	$100,387	$77,076	$99,778	$334,113	$91,687	$90,705	($137,849)	$18,860	$63,403	$81,249	$79,430	$86,568	$94,924	$342,172
Minority interests	$0	($8,791)	($2,641)	($5,102)	($3,585)	($5,185)	($16,513)	($4,040)	($2,349)	$6,382	($2,247)	($2,254)	($2,351)	($2,095)	($2,502)	($2,589)	($9,537)
Equity income from unconsolidated JVs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Oper. Income from discontinued opers.	$0	($58)	$1,571	$13,221	$5,139	$0	$19,931	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other, net	$0	($20,476)	($247)	($454)	($81)	($611)	($1,393)	$9,373	($22,556)	$0	$0	($13,183)	$0	$0	$0	$0	$0
Income taxes	$0	($1,384)	$0	$0	$0	$0	$0	$0	$0	($999)	($634)	$0	$0	$0	$0	$0	$0
(Loss)/Gain on sale of assets	$2,863	$6,411	$0	$0	$0	$30,277	$30,277	$7,420	($543)	$788	$46,421	$54,086	$0	$0	$0	$0	$0
Income Bef. Preferred div	$221,349	$255,233	$55,555	$108,052	$78,549	$124,259	$364,390	$104,440	$65,257	($131,678)	$62,400	$117,489	$78,898	$77,335	$84,066	$92,335	$332,635
Preferred dividends	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Income for common	$221,349	$255,233	$55,555	$108,052	$78,549	$124,259	$364,390	$104,440	$65,257	($131,678)	$62,400	$117,489	$78,898	$77,335	$84,066	$92,335	$332,635
Per share bef. Extra	$1.74	$1.41	$0.28	$0.54	$0.40	$0.61	$1.81	$0.51	$0.32	($0.64)	$0.31	$0.57	$0.38	$0.37	$0.40	$0.44	$1.59
Extraordinary item	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Net (loss) income per share	$1.74	$1.41	$0.28	$0.54	$0.40	$0.61	$1.81	$0.51	$0.32	($0.64)	$0.31	$0.57	$0.38	$0.37	$0.40	$0.44	$1.59
Quarterly dividend rate	$2.02	$2.18	$0.57	$0.58	$0.60	$0.61	$2.36	$0.62	$0.63	$0.64	$0.65	$2.54	$0.50	$0.50	$0.51	$0.52	$2.03
Shs Outstanding (diluted)	127,294,500	180,507,750	198,350,000	199,157,000	204,078,000	204,955,000	201,635,000	206,174,000	206,672,000	206,662,000	207,646,000	206,788,500	208,062,667	209,143,748	210,064,800	211,090,441	209,590,414

Table 5. Funds From Operations Calculation

In Thousands					2016					2017					2018E		
	Year	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Net income for common shareholders	$221,349	$255,233	$58,196	$113,154	$82,134	$129,883	$383,367	$109,112	$68,157	($137,515)	$65,156	$104,910	$78,898	$77,335	$84,066	$92,335	$332,635
Add Back:																	
Depreciation	123,257	210,703	62,433	65,505	68,316	71,915	268,169	71,651	70,350	73,582	76,980	292,563	73,143	72,025	71,874	72,689	289,731
JV Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	21,315	125,223	44,723	(5,703)	19,482	8,900	67,402	3,333	39,956	228,362	67,953	339,604	3,500	4,000	3,750	4,250	15,500
Non-recurring																	
Deduct:																	
Gain/loss on sales of real estate	($2,863)	($6,411)	$0	$0	$0	($30,277)	($30,277)	($7,420)	$543	($788)	($46,421)	($54,086)	$0	$0	$0	$0	$0
FFO Available for common	$363,058	$584,748	$165,352	$172,956	$169,932	$180,421	$688,661	$176,676	$179,006	$163,641	$163,668	$682,991	$155,541	$153,360	$159,690	$169,274	$637,865
Diluted FFO available for common	$363,058	$558,969	$165,352	$172,956	$169,932	$180,421	$688,661	$176,676	$179,006	$163,641	$163,668	$682,991	$155,541	$153,360	$159,690	$169,274	$637,865
Basic FFO per share	$2.86	$3.08	$0.84	$0.87	$0.83	$0.88	$3.42	$0.86	$0.87	$0.79	$0.79	$3.31	$0.75	$0.73	$0.76	$0.80	$3.05
Diluted FFO per share	$2.85	$3.08	$0.83	$0.87	$0.83	$0.88	$3.42	$0.86	$0.87	$0.79	$0.79	$3.30	$0.75	$0.73	$0.76	$0.80	$3.04
Shares, basic	126,944,500	180,157,750	198,000,000	198,807,000	203,728,000	204,605,000	201,285,000	205,824,000	206,322,000	206,312,000	207,296,000	206,438,500	207,712,667	208,793,748	209,714,800	210,740,441	209,240,414
Shares, diluted	127,294,500	180,507,750	198,350,000	199,157,000	204,078,000	204,955,000	201,635,000	206,174,000	206,672,000	206,662,000	207,646,000	206,788,500	208,062,667	209,143,748	210,064,800	211,090,441	209,590,414

Table 6. Funds Available for Distribution Calculation

FFO Available for common	$363,058	$584,748	$165,352	$172,956	$169,932	$180,421	$688,661	$176,676	$179,006	$163,641	$163,668	$682,991	$155,541	$153,360	$159,690	$169,274	$637,865
Less:																	
Recurring real estate CAPX	($14,804)	($27,271)	($8,330)	($8,563)	($8,923)	($8,890)	($34,706)	($8,908)	($9,083)	($9,373)	($8,996)	($36,360)	($8,830)	($8,723)	($8,793)	($8,922)	($35,269)
Other adjustments	($5,043)	($5,227)	($1,336)	($1,348)	($1,360)	($1,373)	($5,417)	($1,385)	($1,397)	($1,410)	($1,423)	($5,615)	($1,436)	($1,448)	($1,461)	($1,475)	($5,820)
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Funds available for distribution	$343,211	$552,251	$155,686	$163,044	$159,649	$170,158	$648,537	$166,383	$168,526	$152,858	$153,250	$641,016	$145,276	$143,189	$149,435	$158,877	$596,777
Per share	$2.70	$3.07	$0.79	$0.82	$0.78	$0.83	$3.22	$0.81	$0.82	$0.74	$0.74	$3.11	$0.70	$0.69	$0.71	$0.75	$2.85

Source: Company reports and Hilliard Lyons estimates

Additional information is available upon request.

Analyst Certification

I, John M. Roberts, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

Important Disclosures

Hilliard Lyons' analysts receive bonus compensation based on Hilliard Lyons' profitability. They do not receive direct payments from investment banking activity.

The author of this report or members of his household have a long position in the common stock of OHI, but may not engage in buying or selling contrary to the recommendation.

Investment Ratings
Buy - We believe the stock has significant total return potential in the coming 12 months.
Long-term Buy - We believe the stock is an above average holding in its sector, and expect solid returns to be realized over a longer time frame than our Buy rated issues, typically 2-3 years.
Neutral - We believe the stock is an average holding in its sector, is currently fully valued, and may be used as a source of funds if better opportunities arise.
Underperform - We believe the stock is vulnerable to a price set back in the next 12 months.

Suitability Ratings
1 - A large cap, core holding with a solid history
2 - A historically secure company which could be cyclical, has a shorter history than a "1" or is subject to event driven setbacks
3 - An above average risk/reward ratio could be due to small size, lack of product diversity, sporadic earnings or high leverage
4 - Speculative, due to small size, inconsistent profitability, erratic revenue, volatility, low trading volume or a narrow customer or product base.

	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
Rating	# of Stocks Covered	% of Stocks Covered	Banking	No Banking
Buy	31	28%	10%	90%
Hold/Neutral	74	66%	9%	91%
Sell	7	6%	0%	100%

As of 7 February 2018

Other Disclosures

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