

OMEGA HEALTHCARE INVESTORS INC  
Form 10-Q  
May 08, 2012

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2012

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-11316

OMEGA HEALTHCARE  
INVESTORS, INC.

(Exact name of Registrant as specified in its charter)

Maryland  
(State of incorporation)

38-3041398  
(IRS Employer  
Identification No.)

200 International Circle, Suite 3500, Hunt Valley, MD 21030  
(Address of principal executive offices)

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

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 12 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.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes  No

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

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Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting  
company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of April 30, 2012.

Common Stock, \$.10 par value (Class)	105,802,180 (Number of shares)
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OMEGA HEALTHCARE INVESTORS, INC.  
FORM 10-Q  
March 31, 2012

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## PART I – FINANCIAL INFORMATION

## Item 1 – Financial Statements

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

	March 31, 2012 (Unaudited)	December 31, 2011
<b>ASSETS</b>		
Real estate properties		
Land and buildings	\$2,529,617	\$2,537,039
Less accumulated depreciation	(494,936 )	(470,420 )
Real estate properties – net	2,034,681	2,066,619
Mortgage notes receivable – net	239,901	238,675
	2,274,582	2,305,294
Other investments – net	45,966	52,957
	2,320,548	2,358,251
Assets held for sale – net	8,090	2,461
Total investments	2,328,638	2,360,712
Cash and cash equivalents	2,717	351
Restricted cash	34,393	34,112
Accounts receivable – net	106,741	100,664
Other assets	66,314	61,473
Total assets	\$2,538,803	\$2,557,312
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Revolving line of credit	\$27,000	\$272,500
Secured borrowings	302,221	303,610
Unsecured borrowings – net	1,200,783	975,290
Accrued expenses and other liabilities	125,916	127,428
Total liabilities	1,655,920	1,678,828
Stockholders' equity:		
Common stock \$.10 par value 200,000 shares authorized — 104,766 shares as of March 31, 2012 and 103,410 as of December 31, 2011 issued and outstanding	10,477	10,341
Common stock – additional paid-in-capital	1,492,147	1,471,381
Cumulative net earnings	659,514	633,430
Cumulative dividends paid	(1,279,255)	(1,236,668)
Total stockholders' equity	882,883	878,484
Total liabilities and stockholders' equity	\$2,538,803	\$2,557,312

See notes to consolidated financial statements.



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

	Three Months Ended March 31,	
	2012	2011
Revenue		
Rental income	\$75,975	\$66,337
Mortgage interest income	7,336	3,498
Other investment income – net	1,130	641
Miscellaneous	74	-
Total operating revenues	84,515	70,476
Expenses		
Depreciation and amortization	27,147	25,218
General and administrative	5,526	5,226
Acquisition costs	105	45
Impairment loss on real estate properties	272	24,971
Nursing home expenses of owned and operated assets	-	230
Total operating expenses	33,050	55,690
Income before other income and expense	51,465	14,786
Other income (expense)		
Interest income	7	11
Interest expense	(22,967 )	(20,000 )
Interest – amortization of deferred financing costs	(629 )	(694 )
Interest – refinancing costs	(7,108 )	(16 )
Total other expense	(30,697 )	(20,699 )
Income (loss) before gain on assets sold	20,768	(5,913 )
Gain on assets sold – net	5,316	-
Net income (loss)	26,084	(5,913 )
Preferred stock dividends	-	(1,691 )
Preferred stock redemption	-	(3,472 )
Net income (loss) available to common stockholders	\$26,084	\$(11,076 )
Income (loss) per common share available to common shareholders:		
Basic:		
Net income (loss)	\$0.25	\$(0.11 )
Diluted:		
Net income (loss)	\$0.25	\$(0.11 )
Dividends declared and paid per common share	\$0.41	\$0.37
Weighted-average shares outstanding, basic	103,754	100,074
Weighted-average shares outstanding, diluted	104,012	100,086

See notes to consolidated financial statements.

OMEGA HEALTHCARE INVESTORS, INC.  
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
Unaudited  
(in thousands, except per share amounts)

	Common Stock Par Value	Additional Paid-in Capital	Cumulative Net Earnings	Cumulative Dividends	Total
Balance at December 31, 2011 (103,410 common shares)	\$ 10,341	\$ 1,471,381	\$ 633,430	\$ (1,236,668)	\$ 878,484
Issuance of common stock:					
Grant of restricted stock to company executives (428 shares)	43	(43 )	—	—	—
Grant of restricted stock (13 shares at \$20.29 per share)	1	(1 )	—	—	—
Amortization of restricted stock	—	1,470	—	—	1,470
Dividend reinvestment plan (665 shares at \$21.42 per share)	66	14,158	—	—	14,224
Grant of stock as payment of directors fees (2 shares at an average of \$21.49 per share)	1	37	—	—	38
Equity Shelf Program (249 shares at \$21.38 per share, net of issuance costs)	25	5,145	—	—	5,170
Net income	—	—	26,084	—	26,084
Common dividends (\$0.41 per share).	—	—	—	(42,587 )	(42,587 )
Balance at March 31, 2012 (104,766 common shares)	\$ 10,477	\$ 1,492,147	\$ 659,514	\$ (1,279,255)	\$ 882,883

See notes to consolidated financial statements.



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

	Three Months Ended	
	March 31,	
	2012	2011
Cash flows from operating activities		
Net income (loss)	\$26,084	\$(5,913 )
Adjustment to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization	27,147	25,218
Impairment on real estate properties	272	24,971
Amortization of deferred financing and refinancing costs	7,737	694
Restricted stock amortization expense	1,485	1,479
(Gain) loss on assets sold – net	(5,316 )	—
Amortization of acquired in-place leases - net	(1,426 )	(1,616 )
Other	(38 )	(38 )
Change in operating assets and liabilities – net of amounts assumed/acquired:		
Accounts receivable, net	176	(93 )
Straight-line rent	(6,541 )	(3,403 )
Lease inducement	842	755
Effective yield receivable on mortgage notes	(554 )	(421 )
Other operating assets and liabilities	(324 )	(2,829 )
Operating assets and liabilities for owned and operated properties	—	(98 )
Net cash provided by operating activities	49,544	38,706
Cash flows from investing activities		
Acquisition of real estate – net of liabilities assumed and escrows acquired	(1,852 )	