

OMEGA HEALTHCARE INVESTORS INC
Form 10-Q
August 03, 2005

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 June 30, 2005

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 38-3041398
(State of Incorporation) (I.R.S. Employer Identification No.)

9690 Deereco Road, Suite 100, Timonium, MD 21093
(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 is an accelerated filer (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 July 29, 2005.

Common Stock, \$.10 par value 51,149,726
 (Class) (Number of shares)

OMEGA HEALTHCARE INVESTORS, INC.
FORM 10-Q
June 30, 2005

TABLE OF CONTENTS

		Page No.
PART I	Financial Information	
Item 1.	Financial Statements:	
	Consolidated Balance Sheets	
	June 30, 2005 (unaudited) and December 31, 2004	2
	Consolidated Statements of Operations (unaudited)	
	Three and six months ended June 30, 2005 and 2004	3
	Consolidated Statements of Cash Flows (unaudited)	
	Six months ended June 30, 2005 and 2004	4
	Notes to Consolidated Financial Statements	
	June 30, 2005 (unaudited)	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	17
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	35
Item 4.	Controls and Procedures	35
PART II	Other Information	
Item 1.	Legal Proceedings	36
Item 2.	Market for Registrant's Common Equity and Related Stockholder Matters	36
Item 4.	Submission of Matters to a Vote of Security Holders	37
Item 6.	Exhibits	38

PART 1 - FINANCIAL INFORMATION**Item 1. Financial Statements**

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	June 30, 2005 (Unaudited)	December 31, 2004 (See note)
ASSETS		
Real estate properties		
Land and buildings at cost	\$ 893,785	\$ 808,574
Less accumulated depreciation	(150,190)	(153,379)
Real estate properties - net	743,595	655,195
Mortgage notes receivable - net	43,883	118,058
	787,478	773,253
Other investments - net	24,750	29,699
	812,228	802,952
Assets held for sale - net	8,440	—
Total investments	820,668	802,952
Cash and cash equivalents	534	12,083
Accounts receivable - net	4,041	5,582
Other assets	28,202	12,733
Operating assets for owned properties	—	213
Total assets	\$ 853,445	\$ 833,563
LIABILITIES AND STOCKHOLDERS' EQUITY		
Revolving line of credit	\$ 101,500	\$ 15,000
Unsecured borrowings	360,000	360,000
Premium on unsecured borrowings	1,254	1,338
Other long-term borrowings	3,170	3,170
Accrued expenses and other liabilities	19,477	21,067
Operating liabilities for owned properties	386	508
Total liabilities	485,787	401,083
Stockholders' equity:		
Preferred stock	118,488	168,488
Common stock and additional paid-in-capital	599,827	597,780
Cumulative net earnings	202,574	191,013
Cumulative dividends paid	(508,426)	(480,292)
Cumulative dividends - redemption	(43,067)	(41,054)
Unamortized restricted stock awards	(1,738)	(2,231)
Accumulated other comprehensive loss	—	(1,224)
Total stockholders' equity	367,658	432,480
Total liabilities and stockholders' equity	\$ 853,445	\$ 833,563

Note - The balance sheet at December 31, 2004 has been derived from the audited consolidated financial statements at that date, but does not include all of the information and footnotes required by generally accepted accounting

principles for complete financial statements.

See notes to consolidated financial statements.

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2005	2004	2005	2004
Revenues				
Rental income	\$ 22,770	\$ 17,112	\$ 44,772	\$ 33,176
Mortgage interest income	1,240	3,336	3,196	6,703
Other investment income - net	598	535	1,108	1,160
Miscellaneous	1,146	291	4,312	421
Total operating revenues	25,754	21,274	53,388	41,460
Expenses				
Depreciation and amortization	6,202	4,983	12,092	9,805
General and administrative	2,123	1,783	4,235	3,786
Provision for impairment on real estate properties	-	-	3,700	-
Provision for uncollectible mortgages, notes and accounts receivable	83	-	83	-
Leasehold expiration expense	750	-	750	-
Total operating expenses	9,158	6,766	20,860	13,591
Income before other income and expense	16,596	14,508	32,528	27,869
Other income (expense):				
Interest and other investment income	24	77	65	96
Interest	(6,948)	(5,753)	(13,722)	(10,446)
Interest - amortization of deferred financing costs	(525)	(427)	(1,031)	(881)
Interest - refinancing costs	-	-	-	(19,106)
Provision for impairment on equity securities	(3,360)	-	(3,360)	-
Owned and operated professional liability claims	-	(3,000)	-	(3,000)
Adjustment of derivatives to fair value	-	-	-	256
Total other expense	(10,809)	(9,103)	(18,048)	(33,081)
Income (loss) from continuing operations	5,787	5,405	14,480	(5,212)
(Loss) gain from discontinued operations	(3,530)	532	(2,919)	852
Net income (loss)	2,257	5,937	11,561	(4,360)
Preferred stock dividends	(2,864)	(4,002)	(6,423)	(8,689)
Preferred stock conversion and redemption charges	(2,013)	(2,311)	(2,013)	(41,054)
Net (loss) income available to common	\$ (2,620)	\$ (376)	\$ 3,125	\$ (54,103)

Income (loss) per common share:**Basic:**

Income (loss) from continuing operations	\$	0.02	\$	(0.02)	\$	0.12	\$	(1.25)
Net income (loss)	\$	(0.05)	\$	(0.01)	\$	0.06	\$	(1.23)

Diluted:

Income (loss) from continuing operations	\$	0.02	\$	(0.02)	\$	0.12	\$	(1.25)
Net income (loss)	\$	(0.05)	\$	(0.01)	\$	0.06	\$	(1.23)

Dividends declared and paid per common share	\$	0.21	\$	0.18	\$	0.41	\$	0.35
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Weighted-average shares outstanding, basic		51,031		46,365		50,980		43,912
Weighted-average shares outstanding, diluted		51,365		46,365		51,339		43,912

Components of other comprehensive income:

Net income (loss)	\$	2,257	\$	5,937	\$	11,561	\$	(4,360)
Unrealized (loss) gain on investments and hedging contracts		-		(1,733)		-		