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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): August 4, 2011

OMEGA HEALTHCARE INVESTORS, INC.
(Exact name of registrant as specified in charter)

Maryland	**1-11316**	**38-3041398**
(State of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

200 International Circle
Suite 3500
Hunt Valley, Maryland 21030
(Address of principal executive offices / Zip Code)

(410) 427-1700
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act.

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act.

☐ Pre-commencement communications pursuant to Rule 14d—2(b) under the Exchange Act.

☐ Pre-commencement communications pursuant to Rule 13e—4(c) under the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On August 4, 2011, Omega Healthcare Investors, Inc. ("Omega") issued a press release regarding its financial results for the quarter ended June 30, 2011. Omega's press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference herein.

The information in this Item 2.02 of this Current Report on Form 8-K and the Exhibit 99.1 attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description of Exhibit
99.1	Press Release dated August 4, 2011.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OMEGA HEALTHCARE INVESTORS, INC.
(Registrant)

Dated: August 4, 2011

By: /s/ C. Taylor Pickett
C. Taylor Pickett
President and Chief Executive Officer

Exhibit Index

Exhibit No.	Description of Exhibit
99.1	Press Release dated August 4, 2011.

PRESS RELEASE – FOR IMMEDIATE RELEASE

OMEGA ANNOUNCES SECOND QUARTER 2011 FINANCIAL RESULTS;
ADJUSTED FFO OF $0.47 PER SHARE FOR THE SECOND QUARTER

HUNT VALLEY, MARYLAND – August 4, 2011 – Omega Healthcare Investors, Inc. (NYSE:OHI) (the "Company" or "Omega") today announced its results of operations for the three- and six-month period ended June 30, 2011. The Company also reported Funds From Operations ("FFO") available to common stockholders for the three-month period ended June 30, 2011 of $42.6 million or $0.42 per common share. The $42.6 million of FFO available to common stockholders for the second quarter of 2011 includes a $4.1 million provision for uncollectible accounts receivable, $1.5 million of non-cash stock-based compensation expense, $0.2 million net loss associated with the run-off of owned and operated assets and a $16 thousand adjustment in non-cash preferred stock redemption charges. FFO is presented in accordance with the guidelines for the calculation and reporting of FFO issued by the National Association of Real Estate Investment Trusts ("NAREIT"). Adjusted FFO was $0.47 per common share for the three-month period ended June 30, 2011. FFO and Adjusted FFO are non-GAAP financial measures. Adjusted FFO is calculated as FFO available to common stockholders excluding the impact of certain non-cash items and certain items of revenue or expense, including, but not limited to: results of operations of owned and operated facilities during the period, expenses associated with acquisitions, provisions for impairment and uncollectible accounts receivable and stock-based compensation expense. For more information regarding FFO and Adjusted FFO, see the "Second Quarter 2011 Results – Funds From Operations" section below.

GAAP NET INCOME

For the three-month period ended June 30, 2011, the Company reported net income of $17.8 million and net income available to common stockholders of $17.8 million, or $0.17 per diluted common share on operating revenues of $72.6 million. This compares to net income of $15.5 million and net income available to common stockholders of $13.2 million, or $0.14 per diluted common share on operating revenues of $58.8 million, for the same period in 2010.

For the six-month period ended June 30, 2011, the Company reported net income of $11.9 million and net income available to common stockholders of $6.7 million, or $0.07 per diluted common share on operating revenues of $143.1 million. This compares to net income of $36.5 million and net income available to common stockholders of $31.9 million, or $0.35 per diluted common share on operating revenues of $117.5 million, for the same period in 2010.

The year-to-date decreases in both net income and net income available to common stockholders were primarily due to: (i) increased depreciation expense associated with over $640 million of new investments (including capital improvements) made throughout 2010 and 2011; (ii) impairment charges related to five real estate assets recorded in the first quarter of 2011; (iii) increased interest expense associated with debt instruments issued and assumed in 2010 primarily related to the asset acquisitions from CapitalSource Inc. ("CapitalSource"); (iv) provisions for uncollectible accounts receivable related to one of our operators; (v) increased general and administrative expenses resulting from new investments; and (vi) income associated with cash received from a legal settlement in the first quarter of 2010. In addition to the aforementioned items, net income available to common stockholders was also reduced by a non-cash charge related to the redemption of the Company's 8.375% Series D Cumulative Redeemable Preferred Stock in 2011. This impact was partially offset by revenue associated with the new investments completed in 2010 and 2011.

SECOND QUARTER 2011 HIGHLIGHTS AND OTHER RECENT DEVELOPMENTS

- In July 2011, the Company increased its quarterly common dividend per share to $0.40 from $0.38.
- In July 2011, the Company completed an exchange offer for $575 million of its 6¾% senior notes due 2022 issued on October 4, 2010 and November 23, 2010 in two separate private placements.
- In April 2011, the Company increased its quarterly common dividend per share to $0.38 from $0.37.

SECOND QUARTER 2011 RESULTS

Operating Revenues and Expenses – Operating revenues for the three-month period ended June 30, 2011 were $72.6 million. Operating expenses for the three-month period ended June 30, 2011, excluding nursing home expenses for owned and operated assets, totaled $33.8 million and were comprised of $24.8 million of depreciation and amortization expense, a $4.1 million provision for uncollectible accounts receivable, $3.4 million of general and administrative expense and $1.5 million of stock-based compensation expense. A reconciliation of these amounts to revenues and expenses reported in accordance with GAAP is provided at the end of this release.

Other Income and Expense – Other income and expense for the three-month period ended June 30, 2011 was a net expense of $20.8 million, which was comprised of $20.1 million of interest expense and $0.7 million of amortized deferred financing costs.

Funds From Operations – For the three-month period ended June 30, 2011, reportable FFO available to common stockholders was $42.6 million, or $0.42 per common share on 102 million weighted-average common shares outstanding, compared to $29.7 million, or $0.32 per common share on 93 million weighted-average common shares outstanding, for the same period in 2010.

The $42.6 million of FFO for the three-month period ended June 30, 2011 includes the impact of approximately $4.1 million of provisions for uncollectible accounts receivable, $1.5 million of non-cash stock-based compensation expense, a $0.2 million net loss associated with owned and operated assets and $16 thousand of preferred stock redemption charges.

The $29.7 million of FFO for the second quarter of 2010 includes the impact of: (i) a charge of approximately $3.5 million relating to the write-off of deferred financing costs associated with the termination of the Company's 2009 credit facility; (ii) $1.2 million of costs associated with the CapitalSource asset acquisitions; (iii) $0.5 million of non-cash restricted stock expense; (iv) a $0.2 million real estate impairment charge; (v) $0.2 million of net income associated with owned and operated assets; and (vi) a $0.8 million gain on the sales of two mortgage backed securities that were bought in the first quarter of 2010 and sold in the second quarter of 2010.

Adjusted FFO was $92.8 million, or $0.92 per common share, for the six-month period ended June 30, 2011, compared to $67.5 million, or $0.74 per common share, for the same period in 2010. The Company had 8.8 million additional weighted-average shares for the six months ended June 30, 2011 compared to the same period in 2010. The increase in weighted-average common shares was primarily a result of: (i) approximately 4.5 million common shares issued under the equity shelf programs and (ii) approximately 3.4 million common shares issued under the Company's Dividend Reinvestment and Common Stock Purchase Plan. For further information see "Funds From Operations" below.

FINANCING ACTIVITIES

$575 Million 6¾% Senior Notes Exchange – On July 14, 2011, the Company exchanged $575 million of its 6¾% Senior Notes due 2022 (the "2022 Notes") that had been registered under the Securities Act of 1933 for $575 million of its outstanding 6¾% Senior Notes due 2022. The 2022 Notes were sold in October and November 2010 in two separate private placements. The October 2010 private placement was sold at an issue price of 98.984% of the $225 million principal amount resulting in gross proceeds to the Company of approximately $223 million. The November 2010 private placement was sold at an issue price of 103% of the $350 million principal amount resulting in gross proceeds to the Company of approximately $361 million.

Equity Shelf Program and the Dividend Reinvestment and Direct Stock Purchase Plan – During the six-month period ended June 30, 2011, the Company sold the following shares of its common stock:

Equity Shelf (At-The-Market) Program for 2011
(in thousands, except price per share)

	Q1 Total	Q2 Total	Year To Date
Number of shares	1,261	158	1,419
Average price per share	$ 22.78	$ 21.27	$ 22.61
Net proceeds	$ 28,145	$ 3,306	$ 31,451

Dividend Reinvestment and Direct Stock Purchase Program for 2011
(in thousands, except price per share)

	Q1 Total	Q2 Total	Year To Date
Number of shares	795	1,093	1,888
Average price per share	$ 22.08	$ 21.17	$ 21.55
Net proceeds	$ 17,555	$ 23,136	$ 40,691

PORTFOLIO AND RECENT DEVELOPMENTS

Connecticut Facilities – In January 2011, upon the Company's request, a complaint was filed by the State of Connecticut, Commissioner of Social Services (the "State"), against the licensees/operators of the Company's four Connecticut skilled nursing facilities ("SNFs"), seeking the appointment of a receiver. The SNFs were leased and operated by FC/SCH and were managed by Genesis. The Superior Court, Judicial District of Hartford, Connecticut appointed a receiver.

The receiver is responsible for (i) operating the facilities and funding all operational expenses incurred after the appointment of the receiver and (ii) providing the court with recommendations regarding the facilities. In March, the receiver moved to close all four SNFs and the Company objected. At the hearing held on April 21, 2011, the Company stated its position that the receiver failed to comply with the statutory requirements prior to recommending the facilities' closure. In addition, alternative operators expressed interest in operating several of the facilities. On April 27, 2011, the Court granted the receiver's motion and ordered the facilities closed.

The Company timely filed its notice of appeal, taking the position that the Court's Order (the "Order") is final and appealable, and erroneous. Following the Company's notice of appeal, the Company negotiated a stipulation with the State and the receiver which afforded it significant concessions. Those concessions included: (a) an agreed recognition of the Company as a secured lienholder with a priority claim, (b) an accelerated time frame for the (i) allocation by the Receiver of collected funds between pre- and post- receivership periods, and (ii) disbursement to the Company of pre-receivership funds collected, and (c) an agreement by the State that it would forego its right to seek recoupment of pre-receivership funds as reimbursement for post-receivership advances. In exchange for these concessions (among others), the Company withdrew its appeal.

As a result of the Court's Order, the Company recorded an impairment charge of $24.4 million during the three-month period ended March 31, 2011, in accordance with US Generally Accepted Accounting Principles, to reduce the carrying values of the Connecticut facilities to their fair values. While this impairment charge reduced first quarter and year-to-date net income, the closure of the facilities does not impact the Company's adjusted FFO guidance, which is discussed below.

FC/SCH Facilities – On June 15, 2011, the Company executed an Agreement To Enter Into Master Lease And Restructure Certain Obligations ("MTA") with Genesis Healthcare, LLC ("Genesis") and FC/SCH Partners, LLC and FC Properties WV, LLC (previously referred to as "Formation" and hereafter "FC/SCH") related to the eleven facilities currently leased by FC/SCH. Among other things, the MTA provides at the closing:

1. a subsidiary of Genesis will enter into a new long-term master lease providing for a twelve-year initial term;
2. Genesis will deliver a guaranty of the new master lease;
3. the restructuring of certain indebtedness of FC/SCH to Omega, including, the guaranty of Genesis to repay such indebtedness as restructured; and
4. the release of certain other obligations of FC/SCH.

The sole condition to the closing of the transactions contemplated by the MTA is the receipt of all necessary healthcare regulatory approvals in Massachusetts, New Hampshire, Rhode Island and West Virginia to the transfer of the operating licenses from FC/SCH to Genesis. If not received as of the closing, the facilities located in Vermont will be added to the new master lease when the regulatory approvals for Vermont are received.

As a result of the MTA, during the second quarter of 2011, the Company evaluated the recoverability of the straight-line rent and lease inducements associated with FC/SCH and recorded a $4.1 million provision for uncollectible accounts associated with straight-line receivables and lease inducements.

DIVIDENDS

Common Dividends – On July 14, 2011, the Company's Board of Directors announced a common stock dividend of $0.40 per share, increasing the quarterly common dividend by $0.02, or 5.3%, per share over the prior quarter, to be paid August 15, 2011 to common stockholders of record on August 1, 2011. At the date of this release, the Company had approximately 103 million common shares outstanding.

2011 ADJUSTED FFO GUIDANCE

The Company modified its guidance for 2011 Adjusted FFO available to common stockholders to be between $1.82 and $1.86 per diluted share. In January 2011, the Company issued its guidance indicating 2011 Adjusted FFO available to common stockholders would be between $1.80 and $1.86 per diluted share.

The Company's Adjusted FFO guidance for 2011 excludes the impact of gains and losses from the sale of assets, additional divestitures, impairment of assets, certain revenue and expense items, capital transactions and restricted stock amortization expense. A reconciliation of the Adjusted FFO guidance to the Company's projected GAAP earnings is provided on a schedule attached to this press release. The Company may, from time to time, update its publicly announced Adjusted FFO guidance, but it is not obligated to do so.

The Company's Adjusted FFO guidance is based on a number of assumptions, which are subject to change and many of which are outside the control of the Company. If actual results vary from these assumptions, the Company's expectations may change. Without limiting the generality of the foregoing, the completion of acquisitions, divestitures, capital and financing transactions, and variations in restricted stock amortization expense may cause actual results to vary materially from our current expectations. There can be no assurance that the Company will achieve its projected results.

CONFERENCE CALL

The Company will be conducting a conference call on Thursday, August 4, 2011, at 10 a.m. Eastern to review the Company's 2011 second quarter results and current developments. Analysts and investors interested in participating are invited to call (877) 317-6789 from within the United States or (412) 317-6789 from outside the United States and ask the operator to be connected to the "Omega Healthcare Second Quarter 2011 Earnings Call."

To listen to the conference call via webcast, log on to www.omegahealthcare.com and click the "earnings call" icon on the Company's home page. Webcast replays of the call will be available on the Company's website for two weeks following the call.

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The Company is a real estate investment trust investing in and providing financing to the long-term care industry. At June 30, 2011, the Company owned or held mortgages on 398 skilled nursing facilities, assisted living facilities and other specialty hospitals with approximately 46,126 licensed beds (44,376 available beds) located in 35 states and operated by 50 third-party healthcare operating companies. In addition, the Company has two facilities currently held for sale.

FOR FURTHER INFORMATION, CONTACT
Bob Stephenson, CFO at (410) 427-1700

This announcement includes forward-looking statements, including without limitation the information under the heading "2011 Adjusted FFO Guidance Confirmed." Actual results may differ materially from those reflected in such forward-looking statements as a result of a variety of factors, including, among other things: (i) uncertainties relating to the business operations of the operators of the Company's properties, including those relating to reimbursement by third-party payors, regulatory matters and occupancy levels; (ii) regulatory and other changes in the healthcare sector; (iii) changes in the financial position of the Company's operators; (iv) the ability of any of the Company's operators in bankruptcy to reject unexpired lease obligations, modify the terms of the Company's mortgages and impede the ability of the Company to collect unpaid rent or interest during the pendency of a bankruptcy proceeding and retain security deposits for the debtor's obligations; (v) the availability and cost of capital; (vi) changes in the Company's credit ratings and the ratings of its debt securities; (vii) competition in the financing of healthcare facilities; (viii) the Company's ability to maintain its status as a real estate investment trust; (ix) the Company's ability to manage, re-lease or sell any owned and operated facilities; (x) the Company's ability to sell closed or foreclosed assets on a timely basis and on terms that allow the Company to realize the carrying value of these assets; (xi) the effect of economic and market conditions generally, and particularly in the healthcare industry; and (xii) other factors identified in the Company's filings with the Securities and Exchange Commission. Statements regarding future events and developments and the Company's future performance, as well as management's expectations, beliefs, plans, estimates or projections relating to the future, are forward-looking statements. The Company undertakes no obligation to update any forward-looking statements contained in this announcement.

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

	June 30, 2011 (Unaudited)	December 31, 2010
ASSETS		
Real estate properties		
Land and buildings	$ 2,339,689	$ 2,366,856
Less accumulated depreciation	(420,651)	(380,995)
Real estate properties – net	1,919,038	1,985,861
Mortgage notes receivable – net	113,202	108,557
	2,032,240	2,094,418
Other investments – net	29,278	28,735
	2,061,518	2,123,153
Assets held for sale – net	811	670
Total investments	2,062,329	2,123,823
Cash and cash equivalents	4,996	6,921
Restricted cash	20,609	22,399
Accounts receivable – net	94,315	92,819
Other assets	58,455	57,172
Operating assets for owned and operated properties	275	873
Total assets	$ 2,240,979	$ 2,304,007
LIABILITIES AND STOCKHOLDERS' EQUITY		
Revolving line of credit	$ 53,000	$ —
Secured borrowings	199,454	201,296
Unsecured borrowings – net	975,477	975,669
Accrued expenses and other liabilities	110,487	121,859
Operating liabilities for owned and operated properties	472	1,117
Total liabilities	1,338,890	1,299,941
Stockholders' equity:		
Preferred stock issued and outstanding – 4,340 shares Series D with an aggregate liquidation preference of $108,488 as of December 31, 2010	—	108,488
Common stock $.10 par value authorized – 200,000 shares issued and outstanding – 102,624 shares as of June 30, 2011 and 99,233 as of December 31, 2010	10,262	9,923
Common stock – additional paid-in-capital	1,452,935	1,376,131
Cumulative net earnings	592,701	580,824
Cumulative dividends paid	(1,153,809)	(1,071,300)
Total stockholders' equity	902,089	1,004,066
Total liabilities and stockholders' equity	$ 2,240,979	$ 2,304,007

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Revenue				
Rental income	$ 68,487	$ 51,520	$ 134,824	$ 98,729
Mortgage interest income	3,433	2,519	6,931	5,133
Other investment income – net	617	1,790	1,258	2,536
Miscellaneous	69	20	69	3,749
Nursing home revenues of owned and operated assets	-	2,956	-	7,336
Total operating revenues	72,606	58,805	143,082	117,483
Expenses				
Depreciation and amortization	24,759	16,451	49,977	31,138
General and administrative	3,411	3,205	7,158	6,076
Stock-based compensation expense	1,519	467	2,998	1,306
Acquisition costs	-	1,192	45	1,412
Impairment on real estate properties	-	155	24,971	155
Provisions for uncollectible mortgages, notes and accounts receivable	4,139	-	4,139	-
Nursing home expenses of owned and operated assets	225	2,797	455	7,369
Total operating expenses	34,053	24,267	89,743	47,456
Income before other income and expense	**38,553**	**34,538**	**53,339**	**70,027**
Other income (expense):				
Interest income	12	62	23	77
Interest expense	(20,072)	(14,705)	(40,072)	(28,280)
Interest – amortization of deferred financing costs	(703)	(925)	(1,397)	(1,903)
Interest –refinancing costs	-	(3,461)	(16)	(3,461)
Total other expense	(20,763)	(19,029)	(41,462)	(33,567)
Net income	**17,790**	**15,509**	**11,877**	**36,460**
Preferred stock dividends	-	(2,272)	(1,691)	(4,543)
Preferred stock redemption	16	-	(3,456)	-
Net income available to common	**$ 17,806**	**$ 13,237**	**$ 6,730**	**$ 31,917**
Income per common share available to common shareholders:				
Basic:				
Net income	$ 0.17	$ 0.14	$ 0.07	$ 0.35
Diluted:				
Net income	$ 0.17	$ 0.14	$ 0.07	$ 0.35
Dividends declared and paid per common share	$ 0.38	$ 0.32	$ 0.75	$ 0.64
Weighted-average shares outstanding, basic	101,912	93,031	100,993	90,935
Weighted-average shares outstanding, diluted	102,001	93,153	101,044	91,057
Components of other comprehensive income:				
Net income	$ 17,790	$ 15,509	$ 11,877	$ 36,460
Unrealized loss on other investments	-	(38)	-	-
Total comprehensive income	$ 17,790	$ 15,471	$ 11,877	$ 36,460

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

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Net income available to common stockholders	$ 17,806	$ 13,237	$ 6,730	$ 31,917
Elimination of non-cash items included in net income:				
Depreciation and amortization	24,759	16,451	49,977	31,138
Funds from operations available to common stockholders	$ 42,565	$ 29,688	$ 56,707	$ 63,055
Weighted-average common shares outstanding, basic	101,912	93,031	100,993	90,935
Restricted stock PRUs	77	114	39	112
Assumed exercise of stock options	—	—	—	5
Deferred stock	12	8	12	5
Weighted-average common shares outstanding, diluted	102,001	93,153	101,044	91,057
Funds from operations per share available to common stockholders	$ 0.42	$ 0.32	$ 0.56	$ 0.69
Adjusted funds from operations:				
Funds from operations available to common stockholders	$ 42,565	$ 29,688	$ 56,707	$ 63,055
Deduct litigation settlements	—	—	—	(1,111)
Deduct gain from sale of securities	—	(789)	—	(789)
Deduct nursing home revenues	—	(2,956)	—	(7,336)
Deduct/add back non-cash preferred stock redemption charges	(16)	—	3,456	—
Add back non-cash provision for impairments on real estate properties	—	155	24,971	155
Add back non-cash provision for uncollectible accounts receivable	4,139	—	4,139	—
Add back nursing home expenses	225	2,797	455	7,369
Add back interest refinancing expense	—	3,461	16	3,461
Add back acquisition costs	—	1,192	45	1,412
Add back non-cash stock-based compensation expense	1,519	467	2,998	1,306
Adjusted funds from operations available to common stockholders	$ 48,432	$ 34,015	$ 92,787	$ 67,522

This press release includes Funds From Operations, or FFO, which is a non-GAAP financial measure. For purposes of the Securities and Exchange Commission's Regulation G, a non-GAAP financial measure is a numerical measure of a company's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable financial measure calculated and presented in accordance with GAAP in the statement of operations, balance sheet or statement of cash flows (or equivalent statements) of the company, or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable financial measure so calculated and presented. As used in this press release, GAAP refers to generally accepted accounting principles in the United States of America. Pursuant to the requirements of Regulation G, the Company has provided reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

The Company calculates and reports FFO in accordance with the definition and interpretive guidelines issued by the National Association of Real Estate Investment Trusts ("NAREIT"), and consequently, FFO is defined as net income available to common stockholders, adjusted for the effects of asset dispositions and certain non-cash items, primarily depreciation and amortization. The Company believes that FFO is an important supplemental measure of its operating performance. Because the historical cost accounting convention used for real estate assets requires depreciation (except on land), such accounting presentation implies that the value of real estate assets diminishes predictably over time, while real estate values instead have historically risen or fallen with market conditions. The term FFO was designed by the real estate industry to address this issue. FFO described herein is not necessarily comparable to FFO of other real estate investment trusts, or REITs, that do not use the same definition or implementation guidelines or interpret the standards differently from the Company.

The Company uses FFO as one of several criteria to measure the operating performance of its business. The Company further believes that by excluding the effect of depreciation, amortization and gains or losses from sales of real estate, all of which are based on historical costs and which may be of limited relevance in evaluating current performance, FFO can facilitate comparisons of operating performance between periods and between other REITs. The Company offers this measure to assist the users of its financial statements in analyzing its performance; however, this is not a measure of financial performance under GAAP and 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 the Company's securities should not rely on this measure as a substitute for any GAAP measure, including net income.

Adjusted FFO is calculated as FFO available to common stockholders excluding the impact of non-cash stock-based compensation and certain revenue and expense items identified above. The Company believes that Adjusted FFO provides an enhanced measure of the operating performance of the Company's core portfolio as a REIT. The Company's computation of Adjusted FFO is not comparable to the NAREIT definition of FFO or to similar measures reported by other REITs, but the Company believes it is an appropriate measure for this Company.

The Company currently expects its 2011 Adjusted FFO available to common stockholders to be between $1.82 and $1.86 per diluted share. The following table presents a reconciliation of our guidance regarding 2011 FFO and Adjusted FFO to net income available to common stockholders:

	2011 Projected AFFO				
Per diluted share:					
Net income available to common stockholders	$	0.47	–	$	0.48
Adjustments:					
Depreciation and amortization		0.98	–		1.01
Funds from operations available to common stockholders	**$**	**1.45**	**–**	**$**	**1.49**
Adjustments:					
Preferred stock redemption charge		0.03	–		0.03
Provision for impairments on real estate properties		0.24			0.24
Provision for uncollectible accounts receivable		0.04			0.04
Stock-based compensation expense		0.06	–		0.06
Adjusted funds from operations available to common stockholders	**$**	**1.82**	**–**	**$**	**1.86**

The table below reconciles reported revenues and expenses to revenues and expenses excluding nursing home revenues and expenses of owned and operated assets:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
		(in thousands)		
Total operating revenues	$ 72,606	$ 58,805	$ 143,082	$ 117,483
Nursing home revenues of owned and operated assets	—	2,956	—	7,336
Revenues excluding nursing home revenues of owned and operated assets	**$ 72,606**	**$ 55,849**	**$ 143,082**	**$ 110,147**
Total operating expenses	$ 34,053	$ 24,267	$ 89,743	$ 47,456
Nursing home expenses of owned and operated assets	225	2,797	455	7,369
Expenses excluding nursing home expenses of owned and operated assets	**$ 33,828**	**$ 21,470**	**$ 89,288**	**$ 40,087**

This press release includes references to revenues and expenses excluding nursing home owned and operated assets, which are non-GAAP financial measures. The Company believes that the presentation of the Company's revenues and expenses, excluding nursing home owned and operated assets, provides a useful measure of the operating performance of the Company's core portfolio as a real estate investment trust in view of the disposition of all but two of the Company's owned and operated assets and short term holding of owned and operated assets. Effective June 1, 2010, the Company no longer operates any facilities; therefore the revenues and expenses of these two entities are not included in our consolidated statements of operations after that effective date.

The following tables present selected portfolio information, including operator and geographic concentrations, and revenue maturities for the period ended June 30, 2011:

Balance Sheet Data	# of Properties	# of Operating Beds	Investment($000's)	% Investment
	As of June 30, 2011			
Real Property[1]	385	42,821	$ 2,358,889	95%
Loans Receivable[2]	13	1,555	113,202	5%
Total Investments	398	44,376	$ 2,472,091	100%

Investment Data	# of Properties	# of Operating Beds	Investment($000's)	% Investment	Investment per Bed
Skilled Nursing Facilities [1] [2]	383	43,573	$ 2,405,081	98%	$ 55
Assisted Living Facilities	10	510	33,540	1%	66
Specialty Hospitals and Other	5	293	33,470	1%	114
	398	44,376	$ 2,472,091	100%	$ 56

Note: table above excludes two facilities classified as held-for-sale.
(1) Includes $19.2 million for lease inducement.
(2) Includes $0.7 million of unamortized principal.

Revenue Composition ($000's)

Revenue by Investment Type	Three Months Ended June 30, 2011		Six Months Ended June 30, 2011	
Rental Property [1]	$ 68,487	94%	$ 134,824	94%
Mortgage Notes	3,433	5%	6,931	5%
Other Investment Income	617	1%	1,258	1%
	$ 72,537	100%	$ 143,013	100%

Revenue by Facility Type	Three Months Ended June 30, 2011		Six Months Ended June 30, 2011	
Skilled Nursing Facilities [1]	$ 70,286	96%	$ 138,494	96%
Assisted Living Facilities	531	1%	1,063	1%
Specialty Hospitals	1,103	2%	2,198	2%
Other	617	1%	1,258	1%
	$ 72,537	100%	$ 143,013	100%

(1) 2nd quarter revenue includes $0.9 million reduction for lease inducement, and $1.9 million YTD. Excludes revenue from owned and operated assets.

Operator Concentration by Investment ($000's)

	As of June 30, 2011		
	# of Properties	Investment	% Investment
CommuniCare Health Services	36	$ 323,219	13%
Airamid	38	263,560	11%
Sun Healthcare Group, Inc.	40	228,769	9%
Signature Holdings, LLC	32	223,786	9%
Gulf Coast	17	146,636	6%
Guardian LTC Management [1]	23	145,171	6%
Advocat Inc.	36	144,818	6%
LaVie	17	117,654	5%
Formation Capital	12	110,559	4%
Nexion	20	86,733	3%
Remaining 40 Operators [2]	127	681,186	28%
	398	$ 2,472,091	100%

Note: table above excludes two facilities classified as held-for-sale.
(1) Investment amount includes a $19.2 million lease inducement.
(2) Includes $0.7 million of unamortized principal.

Concentration by State	# of Properties	Investment	% Investment
Florida [1]	86	$ 597,429	24%
Ohio	50	357,305	14%
Pennsylvania	25	174,051	7%
Texas	31	161,573	7%

Tennessee	16	115,017	5%
Maryland	10	98,738	4%
West Virginia (2)	10	79,719	3%
Colorado	11	71,666	3%
Indiana	18	69,670	3%
Kentucky	15	64,141	3%
North Carolina	11	59,602	2%
Alabama	11	59,179	2%
Massachusetts	8	57,049	2%
Louisiana	14	55,343	2%
Mississippi	6	52,417	2%
Arkansas	12	47,313	2%
Remaining 19 States	64	351,879	15%
	398	$ 2,472,091	100%

Note: table above excludes two facilities classified as held-for-sale.

(1) Includes $0.7 million of unamortized principal.

(2) Investment amount includes a $19.2 million lease inducement.

Revenue Maturities ($000's)

	As of June 30, 2011				
Operating Lease Expirations & Loan Maturities	Year	Current Lease Revenue (1)	Current Interest Revenue (1)	Lease and Interest Revenue	%
	2011	1,202	-	1,202	1%
	2012	3,992	-	3,992	2%
	2013	33,318	-	33,318	13%
	2014	2,005	691	2,696	1%
	2015	2,051	-	2,051	1%

(1) Based on 2011 contractual rents and interest (assumes no annual escalators).

Operator Revenue Mix

	% Revenue Mix		
	Medicaid	Medicare / Insurance	Private / Other
Three-months ended March 31, 2011	50%	41.6%	8.4%

Operator Census and Coverage

		Coverage Data	
	Census (1)	Before Management Fees	After Management Fees
Twelve-months ended March 31, 2011	84.2%	2.2x	1.8x
Twelve-months ended December 31, 2010	84.1%	2.1x	1.7x
Twelve-months ended September 30, 2010	84.0%	2.0x	1.6x
Twelve-months ended June 30, 2010	83.8%	2.0x	1.6x

(1) Based on available beds.

The following table presents a debt maturity schedule as of June 30, 2011:

Debt Maturities ($000's)	Secured Debt		Unsecured Debt		
Year	Line of Credit (1)	HUD Mortgages (2)	Senior Notes	Sub Notes	Total Debt
2011	$ -	$ -	$ -	$ -	$ -
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	320,000	-	-	-	320,000
2015	-	-	-	-	-
Thereafter	-	179,675	950,000	20,000	1,149,675
	$ 320,000	$ 179,675	$ 950,000	$ 20,000	$ 1,469,675

(1) Reflcted at 100% borrowing capacity.
(2) Excluded $21.1 million of fair market valuations.

The following table presents investment activity for the three- and six - month period ended June 30, 2011:

Investment Activity ($000's)	Three Months Ended June 30, 2011		Six Months Ended June 30, 2011	
Funding by Investment Type:	$ Amount	%	$ Amount	%
Real Property	$ -	-%	$ -	-%
Mortgages	-	-%	-	-%
Other	3,145	100%	7,470	100%
Total	$ 3,145	100%	$ 7,470	100%