UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended SEPTEMBER 30, 1996

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.)

905 W. Eisenhower Circle, Suite 110, Ann Arbor, MI 48103
(Address of principal executive offices)

(313) 747-9790
(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 X No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of September 30, 1996

Common Stock, $.10 par value	17,147,249
(Class)	(Number of shares)

OMEGA HEALTHCARE INVESTORS, INC

FORM 10-Q

SEPTEMBER 30, 1996

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OMEGA HEALTHCARE INVESTORS, INC

CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands)

<TABLE>
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	September 30 1996 (Unaudited)	December 31 1995 (See Note)
ASSETS		
<S>	<C>	<C>
Investments in real estate:		
Real estate properties - net	$346,116	$336,720
Mortgage notes receivable	228,465	158,290
	574,581	495,010
Other investments	59,577	32,599
	634,158	527,609
Cash and short-term investments	3,453	6,426
Goodwill and non-compete agreements - net	8,011	9,228
Other assets	10,834	7,925
	$656,456	$551,188
LIABILITIES AND SHAREHOLDERS' EQUITY		
Acquisition line of credit	$62,838	$74,690
Unsecured borrowings	111,384	86,384
Secured borrowings	24,027	34,069
Subordinated convertible debentures	95,000	
Accounts payable and accrued expenses	9,609	8,917
Total Liabilities	302,858	204,060
Common stock and additional paid-in capital	375,188	362,468
Cumulative net earnings	82,270	56,784
Cumulative dividends paid	(103,739)	(72,071)
Unamortized restricted stock awards	(121)	(53)
Total Shareholders' Equity	353,598	347,128
	$656,456	$551,188

</TABLE>

Note - The balance sheet at December 31, 1995, has been derived from 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 condensed consolidated financial statements.

OMEGA HEALTHCARE INVESTORS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Unaudited
(In Thousands, Except Per Share Amounts)

<TABLE>
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	Three months ended September 30, 1996	Three months ended September 30, 1995	Nine months ended September 30, 1996	Nine months ended September 30, 1995
<S>	<C>	<C>	<C>	<C>
REVENUES				
Rental income	$10,690	$10,085	$31,699	$30,034
Mortgage interest income	6,439	4,824	17,691	13,710
Other investment income	1,681	677	3,985	677
Other		205	286	592
	18,810	15,791	53,661	45,013
EXPENSES				
Depreciation and amortization	3,424	3,209	10,176	9,430
Interest	5,577	4,141	15,097	11,468
General and administrative	993	957	2,902	2,580
	9,994	8,307	28,175	23,478
NET EARNINGS	$8,816	$7,484	$25,486	$21,535
Net earnings per share	$0.51	$0.46	$1.49	$1.35
Dividends paid per share	$0.62	$0.59	$1.86	$1.77
Weighted average number of shares outstanding	17,142	16,169	17,055	15,941

</TABLE>

See notes to condensed consolidated financial statements.

OMEGA HEALTHCARE INVESTORS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited
(In Thousands)

<TABLE>
<CAPTION>

	Nine months ended September 30, 1996	Nine months ended September 30, 1995
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	$25,486	$21,535
Adjustment to reconcile net earnings to cash provided by operations:		
Depreciation and amortization	10,176	9,430
Other noncash items	448	1,160
Cash from operating activities available for distribution	36,110	32,125
Net change in operating assets and liabilities	179	2,122
Net cash provided by operating activities	36,289	34,247
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(31,668)	(28,145)
Proceeds from Dividend Reinvestment Plan	12,545	14,248
(Payments) proceeds on acquisition line of credit	(11,852)	45,860
Term loan borrowings	25,000	
Proceeds from subordinated convertible debentures, less issue costs	92,650	
Payments of long-term borrowings	(10,042)	(7,879)
Refund of transaction deposits		(2,310)

Other	(373)	(1,267)
Cash provided by financing activities	76,260	20,507
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of real estate	(18,338)	(5,458)
Placement of mortgage loans	(70,531)	(15,300)
Fundings of other investments	(26,978)	(32,078)
Advance funding of investments		(3,904)
Collections of mortgage notes	355	754
Other	(30)	(16)
Cash used in investing activities	(115,522)	(56,002)
DECREASE IN CASH AND SHORT-TERM INVESTMENTS	($2,973)	($1,248)

</TABLE>

See notes to condensed consolidated financial statements.

OMEGA HEALTHCARE INVESTORS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
September 30, 1996

Note A - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month and nine-month periods ended September 30, 1996, are not necessarily indicative of the results that may be expected for the year ending December 31, 1996. For further information, refer to the financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1995.

Note B - Third Quarter Real Estate Investments

The Company provided a $4,941,000 participating mortgage loan to HCPIII Hillsborough, Inc., a subsidiary of Premiere Associates in August 1996. This mortgage relates to a facility located in Florida with a total of 180 licensed beds.

In August 1996 the Company purchased from Manor Healthcare Corp., four skilled nursing facilities with 517 total beds for a total purchase consideration of $17,700,000. The facilities are located in Texas, Illinois, Indiana and Iowa. Simultaneously, a lease agreement for these facilities was executed with Sunrise Healthcare Corporation, a subsidiary of Sun Healthcare Group, Inc.

During the third quarter the Company also purchased a mortgage portfolio of 23 nursing homes with 2,497 licensed beds from Vencor, Inc. The portfolio of first lien mortgages were purchased for approximately $30,250,000.

Note C - Asset Concentrations

As of September 30, 1996, approximately 53% of the Company's total real estate investments relate to publicly traded operators. Investments with these operators are represented by: Advocat, Inc. (18.3%); Professional Healthcare Management, Inc., a subsidiary of GranCare, Inc., (9.7%); Unison Healthcare (7.9%); Regency Healthcare Services (7.6%); Res-Care (4.7%); Sunrise Healthcare Corporation, a subsidiary of Sun Healthcare Group, Inc. (2.9%) and Integrated Health Services (1.7%). Advocat, Inc. is the only operator representing more than 10% of total real estate investments.

Note D - Net Earnings Per Share

Net earnings per share is computed based on the weighted average number of shares of common stock outstanding during the respective periods. The inclusion of options using the treasury stock method and the assumed conversion of debentures outstanding is not materially dilutive.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Revenues for the three-month and nine-month periods ending September 30, 1996 totaled $18.8 and $53.7 million respectively, an increase of $3.0 million and $8.6 million, respectively over the same periods in 1995. The 1996 revenue growth stems primarily from yields on additional investments of approximately $132 million during the twelve-month period ended September 30, 1996. Additionally, approximately $1,035,000 of the nine-month increase stems from participating incremental net revenues which became effective in 1996. Real estate investments of $604 million as of September 30, 1996 have an average yield of 11.93%.

Expenses for the three-months ending September 30 1996 totaled $9,994,000, an increase of $1.7 million over expenses of $8.3 million for the same period in 1995. Expenses for the nine-month period ending September 30, 1996 totaled $28.2 million, increasing $4.7 million over total expenses for the 1995 nine-month period. The provision for depreciation and amortization for the three-month and nine-month periods ending September 30, 1996 totaled $3.4 million and $10.2, respectively, increasing by $231,000 and $795,000 over the 1995 periods as a result of additional investments in real estate properties.

Interest expense for the quarter ended September 30, 1996 was approximately $5.6 million, compared with $4.1 million for the 1995 three-month period. For the nine-month period ended September 30, 1996, interest expense totaled approximately $15.1 million, increasing $3.6 million over the 1995 period. The increases in the 1996 periods are primarily due to higher average borrowings, offset by lower interest rates.

General and administrative expense for the three-months and nine-months ended September 30, 1996 totaled approximately $993,000 and $2,902,000. These expenses for the three-month and nine-month periods were approximately 5.3% and 5.4% of revenues as compared to 6.1% and 5.7% for the same periods in 1995.

No provision for federal income taxes has been made since the Company intends to continue to qualify as a real estate investment trust under the provisions of the Internal Revenue Code. Accordingly, the Company will not be subject to federal income taxes on amounts distributed to shareholders provided it distributes at least 95% of its real estate investment trust taxable income and meets certain other conditions.

As a result of the various factors mentioned above, net earnings were $8.8 million for the three-month 1996 period, an increase of approximately 17.8% over the 1995 period. Net earnings for the nine-month period in 1996 increased approximately $3,951,000 (18.3%) over the 1995 period. Net earnings per share for the three-month period ending September 30 were $0.51 in 1996 and $0.46 in 1995, while net earnings per share for the nine-month period were $1.49 in 1996 and $1.35 in 1995. The 1996 per share increases stem from additional net earnings offset by an increase in average shares outstanding during the 1996 periods.

Cash provided by operating activities available for distribution (FAD) for the nine-month period ending September 30, 1996 was $36,110,000, an increase of $4.0 million (12.4%) over the 1995 nine-month period. FAD is net earnings, excluding any gains or losses from debt restructuring and sales of property, plus depreciation and amortization associated with real estate investments, amortization of deferred financing cost and the net effect of all other non-cash items included in net earnings. Funds From Operations (FFO) totaled $0.72 per share ($12,411,000) for the 1996 third quarter, increasing 7.5% as compared to $0.67 per share for the three months ended September 30,1995. For the 1996 nine-month period FFO totaled $36.2 million ($2.12 per share) increasing $4.6 million and $0.14 per share over the nine-months ending in 1995. FFO is net earnings, excluding any gains or losses from debt restructuring and sales of property, plus depreciation and amortization associated with real estate investments and charges to earnings for non-cash compensation. While there generally is very little difference between FAD and FFO for healthcare REITS, both of these measures of cash flow are used by analysts and investors as benchmarks for measuring

profitability and capacity to sustain dividend payments.

LIQUIDITY AND CAPITAL RESOURCES

The Company continually seeks new investments in healthcare real estate properties, primarily long-term care facilities, with the objective of profitable growth and further diversification of the investment portfolio. Permanent financing for future investments is expected to be provided through a combination of both private placement and public offerings of debt and/or equity securities.

In January 1996, the Company completed the placement of $95 million of 8.5% Convertible Subordinated Debentures due 2001. Net proceeds were used to repay certain borrowings, including $75 million under the acquisition line of credit and $9.6 million of secured borrowings, and to fund real estate investments. The debentures are convertible into shares of common stock at a price of $28.625 per share representing a premium of 105% of the market price of the Company's stock on the date the debentures were sold. At September 30, 1996, 3,319,000 shares of common stock are reserved for possible issuance upon conversion.

In June 1996 the Company executed an agreement to increase its current bank line of credit facility by $50 million and to extend the term of the revolving credit agreement to July 1999. The increase in the credit facility allows for an additional $25 million on the revolving credit facility, increasing it to $125 million, plus the equivalent of $25 million in a pound sterling denominated term loan due in October 2000. The term loan availability was drawn in the third quarter.

As of September 30, 1996, the Company has a strong financial position with total assets of $656 million, shareholders' equity of $354 million, and long-term borrowings of $230 million representing 35% of the total capitalization. The Company anticipates eventually attaining and then maintaining a long-term debt-to-capitalization ratio of approximately 40%. At September 30, 1996, the Company has available permitted additional borrowings of approximately $62 million under its new credit arrangement. Management believes the Company's liquidity and various sources of available capital are adequate to finance operations, fund future investments in additional facilities, and meet debt service requirements.

The Company distributes a large portion of the cash available from operations. The dividend payout ratio, that is the ratio of the per share amounts of dividends paid to the per share amount of funds from operations, was 87.7% for the nine-month period ended September 30, 1996, compared with 89.3% for the same period in 1995. On October 16, 1996, a $0.62 per share dividend was declared, payable on November 15, 1996 to shareholders of record on November 4, 1996. The current $0.62 per quarter rate represents an annualized rate of $2.48 per share as compared with an annualized rate of $2.36 paid during 1995.

PART II - OTHER INFORMATION

ITEM 5. OTHER INFORMATION

At the date of this report, the Company has completed arrangements for the initial institutional investment by U.K. investors in Principal Healthcare Finance Limited, the Company's United Kingdom affiliate. Of the total of approximately $46,000,000 of subordinated debt and equity investment in Principal, the Company is investing approximately $30 million, U.K. institutions are investing $14 million and certain directors of the Company are investing $2.0 million. Proceeds of the funding are expected to be realized on or before October 31, 1996.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) EXHIBITS - THE FOLLOWING EXHIBIT IS FILED HEREWITH:

EXHIBIT	DESCRIPTION
27	Financial Data Schedule

(B) Reports on form 8-K - None were filed.

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 thereunto duly authorized.

OMEGA HEALTHCARE INVESTORS, INC.
Registrant

Date: October 18, 1996 By: /s/ Essel W. Bailey Jr.
Essel W. Bailey, Jr.
President

Date: October 18, 1996 By: /s/ David A. Stover
David A. Stover
Chief Financial Officer

EXHIBIT INDEX

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONDENSED CONSOLIDATED BALANCE SHEET AND STATEMENT OF OPERATIONS FILED AS PART OF THE QUARTERLY REPORT ON FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH QUARTERLY REPORT ON FORM 10-Q.
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