

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 AND EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) April 24, 1998

OMEGA HEALTHCARE INVESTORS, INC.

(Exact name of registrant as specified in its charter)

MARYLAND	1-11316	NO. 38-3041398
-----	-----	-----
(State or other jurisdiction of incorporation)	(Commission File No.)	(IRS Employer Identification No.)

905 WEST EISENHOWER CIRCLE, SUITE 110, ANN ARBOR, MI	48103
-----	-----
(Address of principal executive officers)	(Zip Code)

Registrant's telephone number, including area code (734) 747-9790

NOT APPLICABLE

(Former name or former address, if changed since last report.)

Item 5. Other Events

In October, 1997 the Company purchased 24 nursing homes and 2 rehabilitation hospitals from Regency Health Services (Regency) for a net purchase price of \$80.9 million, after assumption of unsecured borrowings of \$4.9 million which bear interest at an effective cost of approximately 6%. Simultaneously, Regency was acquired by Sun Healthcare Group, Inc. (Sun) and entered into a lease agreement with the Company for these same facilities. Subsequent to the actual funding of the purchase, the Company reached an agreement with Sun whereby it agreed to invest an additional \$15 million in these properties when cash flow coverage ratios for the acquired facilities exceeded 2.00:1.00. Such ratios have been exceeded, and an additional \$15 million purchase consideration was funded on April 24, 1998. This increases the Company's investment in the facilities to \$100.8 million. The yield on the additional investment is 9.50%. Rent on the additional investment is subject to annual increases as with respect to the original investment.

Following is condensed consolidated information derived from filings with the Securities and Exchange Commission by Sun for the periods ended December 31, 1997 and December 31, 1996.

<TABLE>
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	YEAR ENDED DECEMBER 31	
	1997	1996
	----	----
	(IN THOUSANDS)	
<S>	<C>	<C>
Cash flows:		
Operating Activities.....	\$ 21,733	\$ 26,812
Financing Activities.....	661,327	107,619
Investing Activities.....	(680,121)	(142,189)
Operations:		
Net Revenues.....	2,010,820	1,316,308
Net Earnings.....	34,801	21,536

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AS OF DECEMBER 31	
1997	1996

	----	----
	(IN THOUSANDS)	
<S>	<C>	<C>
Financial Position:		
Current Assets.....	\$ 645,211	\$ 363,148
Current Liabilities.....	325,692	151,566
Total Assets.....	2,579,236	1,229,426
Total Liabilities.....	1,945,898	654,592
Shareholders' Equity.....	617,053	572,137

</TABLE>

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, thereto duly authorized.

OMEGA HEALTHCARE INVESTORS, INC.

April 30, 1998

By /s/ David A. Stover

David A. Stover,
Chief Financial Officer

Exhibit Index

- Exhibit 99.1 First Amendment of Purchase Agreement, Master Lease Agreement, Facility Leases and Guaranty between Delta Investors I, LLC and Sun Healthcare Group, Inc.
- Exhibit 99.2 First Amendment of Purchase Agreement, Master Lease Agreement, Facility Leases and Guaranty between Delta Investors II, LLC and Sun Healthcare Group, Inc.
- Exhibit 99.3 Pro Forma Consolidated Statements of Operations for the Year Ended December 31, 1997

FIRST AMENDMENT OF PURCHASE AGREEMENT, MASTER LEASE
AGREEMENT, FACILITY LEASES AND GUARANTY

THIS FIRST AMENDMENT OF PURCHASE AGREEMENT, MASTER LEASE AGREEMENT, FACILITY LEASES AND GUARANTY (Agreement) is entered into as of this 24th day of April, 1998, between DELTA INVESTORS I, LLC (Lessor), the entities identified on the signature page hereof (each a Lessee and collectively Lessees) and SUN HEALTHCARE GROUP, INC. (Guarantor).

RECITALS

This Agreement is made and entered into with reference to the following recitals :

Lessor, the Lessees and Guarantor entered into a Master Lease Agreement dated as of October 7, 1997 (Master Lease Agreement), which covers ten (10) licensed healthcare facilities leased by Lessor to Lessees pursuant to Facility Leases with Lessees of the same date (the Facilities and the Facility Leases). The Facilities were acquired by Lessor from the Lessees or Affiliates of the Lessees pursuant to a Purchase Agreement of the same date (Purchase Agreement).

Pursuant to an Amended and Restated Guaranty of October 7, 1997 (the Guaranty), Guarantor guaranteed the payment of all sums due and the performance of all of the Lessees obligations under the Facility Leases.

Lessor, Lessees and Guarantor previously agreed that if the ratio of Cash Flow to Debt Service of the Facilities exceeded 2.0:1 for the calendar year ending December 31, 1997, the Purchase Price for the Facilities would be increased by Five Million Five Hundred Twenty Thousand Seven Hundred Twenty Eight Dollars (\$5,520,728.00), and that if the Purchase Price were to be so increased, the Base Rent under each of the Facility Leases would increase in proportion to the increase in the Purchase Price, and it is the purpose of this Agreement to amend the Master Lease Agreement, the Purchase Agreement, the Facility Leases and the Guaranty to set forth the agreement of the parties with respect to such increases.

Capitalized terms used but not defined in this Agreement have the meanings given to such terms in the Facility Leases, the Standard Terms and Conditions and the Purchase Agreement.

1. Additional Purchase Price. The Purchase Price set forth in the Purchase Agreement is hereby amended to be One Hundred Million Eight Hundred Thirty Seven Thousand Four Hundred Fifty Three Dollars (\$100,837,453.00). The increase in the Purchase Price is allocated among the Facilities as set forth on EXHIBIT A attached hereto. The amount of

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the increase, Five Million Five Hundred Twenty Thousand Seven Hundred Twenty Eight Dollars (\$5,520,728.00), shall be paid by Lessor to Lessees or their agent by wire transfer, net of the amounts to be paid by Lessees as set forth in Sections 3 and 4, below, on or before April 30, 1998.

2. Amendments. Effective on the day the increased Purchase Price is paid to Lessees or their agent as set forth in Section 1, above:
 1. The Purchase Agreement shall be deemed amended as herein set forth and from and after such day the Facility Leases shall be deemed amended to increase the Base Rent as set forth on EXHIBIT A, and the Guaranty and each and every other Transaction Document shall be deemed amended accordingly. Unless the increased Purchase Price is paid on the first day of a month, the Base Rent for the calendar month in which the Purchase Price is paid shall be prorated for such month.
 2. The Facility Leases shall also be amended as follows:
 1. The reference to this Section S1.08" in Section S1.07 is amended to this Section S1.07"; and
 2. The reference to the amount set opposite the name of the Facility on Exhibit F hereto in Section S1.11 (amending the Standard Terms and Conditions) is

amended to the amount set opposite the name of the Facility on Exhibit G to the Purchase Agreement.

3. Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SIGNATURE PAGES FOLLOW

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IN WITNESS WHEREOF the parties hereto hereby execute this Agreement as of the day and year first set forth above.

DELTA INVESTORS I, LLC

By: OMEGA HEALTHCARE INVESTORS, INC.
Its Sole Member

By: /s/ F. Scott Kellman

F. Scott Kellman
Its: Executive Vice President

LESSEES:

Care Enterprises Inc., a
Delaware corporation
Circleville Health Care
Corp., an Ohio corporation
Beckley Health Care Corp.,
a West Virginia corporation
Care Enterprises West, a
Utah corporation
Regency Rehab Hospitals, Inc.,
a California corporation
Braswell Enterprises, Inc.,
a California corporation
Meadowbrook Rehabilitation
Center, a California
corporation

By: /s/ Craig Hayes

Their: Agent

SUN HEALTHCARE GROUP, INC., a
Delaware corporation

By: /s/ Craig Hayes

Its: Vice President

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FIRST AMENDMENT OF PURCHASE AGREEMENT, MASTER LEASE
AGREEMENT, FACILITY LEASES AND GUARANTY

THIS FIRST AMENDMENT OF PURCHASE AGREEMENT, MASTER LEASE AGREEMENT, FACILITY LEASES AND GUARANTY (Agreement) is entered into as of this 24th day of April, 1998, between DELTA INVESTORS II, LLC (Lessor), the entities identified on the signature page hereof (each a Lessee and collectively Lessees) and SUN HEALTHCARE GROUP, INC. (Guarantor).

RECITALS

This Agreement is made and entered into with reference to the following recitals :

Lessor, the Lessees and Guarantor entered into a Master Lease Agreement dated as of October 7, 1997 (Master Lease Agreement), which covers seventeen (17) licensed healthcare facilities leased by Lessor to Lessees pursuant to Facility Leases with Lessees of the same date (the Facilities and the Facility Leases). The Facilities were acquired by Lessor from the Lessees or Affiliates of the Lessees pursuant to a Purchase Agreement of the same date (Purchase Agreement).

Pursuant to an Amended and Restated Guaranty of October 7, 1997 (the Guaranty), Guarantor guaranteed the payment of all sums due and the performance of all of the Lessees obligations under the Facility Leases.

Lessor, Lessees and Guarantor previously agreed that if the ratio of Cash Flow to Debt Service of the Facilities exceeded 2.0:1 for the calendar year ending December 31, 1997, the Purchase Price for the Facilities would be increased by Nine Million Four Hundred Seventy Nine Thousand Two Hundred Seventy Two Dollars (\$9,479,272.00), and that if the Purchase Price were to be so increased, the Base Rent under each of the Facility Leases would increase in proportion to the increase in the Purchase Price, and it is the purpose of this Agreement to amend the Master Lease Agreement, the Purchase Agreement, the Facility Leases and the Guaranty to set forth the agreement of the parties with respect to such increases.

Capitalized terms used but not defined in this Agreement have the meanings given to such terms in the Facility Leases, the Standard Terms and Conditions and the Purchase Agreement.

1. Additional Purchase Price. The Purchase Price set forth in the Purchase Agreement is hereby amended to be One Hundred Million Eight Hundred Thirty Seven Thousand Four Hundred Fifty Three Dollars (\$100,837,453.00). The increase in the Purchase Price is allocated among the Facilities as set forth on EXHIBIT A attached hereto. The amount of the increase, Nine Million Four Hundred Seventy Nine Two Hundred Seventy Two

1

Dollars (\$9,479,272.00), shall be paid by Lessor to Lessees or their agent by wire transfer, net of the amounts to be paid by Lessees as set forth in Sections 3 and 4, below, on or before April 30, 1998.

2. Amendments. Effective on the day the increased Purchase Price is paid to Lessees or their agent as set forth in Section 1, above:
 - a. The Purchase Agreement shall be deemed amended as herein set forth and from and after such day the Facility Leases shall be deemed amended to increase the Base Rent as set forth on EXHIBIT A, and the Guaranty and each and every other Transaction Document shall be deemed amended accordingly. Unless the increased Purchase Price is paid on the first day of a month, the Base Rent for the calendar month in which the Purchase Price is paid shall be prorated for such month.
 - b. The Facility Leases shall also be amended as follows:
 - i. The reference to this Section S1.08" in Section S1.07 is amended to this Section S1.07"; and
 - ii. The reference to the amount set opposite the name of the Facility on Exhibit F hereto in Section S1.11 (amending the Standard Terms and Conditions) is amended to the amount set opposite the name of the Facility on Exhibit G to the Purchase Agreement.

3. Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SIGNATURE PAGES FOLLOW

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IN WITNESS WHEREOF the parties hereto hereby execute this Agreement as of the day and year first set forth above.

DELTA INVESTORS II, LLC

By: OMEGA HEALTHCARE INVESTORS, INC.
Its Sole Member

By: /s/ F. Scott Kellman

F. Scott Kellman
Its: Executive Vice President

LESSEES:

Care Enterprises Inc., a Delaware corporation
Dunbar Health Care Corp., a West Virginia corporation
Marion Health Care Corp., an Ohio corporation
Salem Health Care Corp., a West Virginia corporation
Care Enterprises West, a Utah corporation
Regency-North Carolina, Inc., a North Carolina corporation
Braswell Enterprises, Inc., a California corporation
Coalinga Rehabilitation Center, a California corporation
Fullerton Rehabilitation Center, a California corporation
Newport Beach Rehabilitation Center, a California corporation
San Bernardino Rehabilitation Hospital, Inc., a California corporation
Vista Knoll Rehabilitation Center, Inc., a California corporation

By: /s/ Craig Hayes

Their: Agent

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SUN HEALTHCARE GROUP, INC., a Delaware corporation

By: /s/ Craig Hayes

Its: Vice President

EXHIBIT 99.3

The following table sets forth certain unaudited summary financial information for the Company on a pro forma basis. The pro forma information for the year ended December 31, 1997 gives effect to the Company's acquisition of 24 nursing homes and 2 rehabilitation hospitals from Sun Healthcare Group as if net fundings in October 1997 (\$80.9 million) and April 1998 (\$15 million) had been completed on January 1, 1997. The initial funding relates to the purchase of facilities from Regency Health Services in October 1997, while the April 1998 funding related to an amended agreement with Sun Healthcare. The pro forma information also gives effect to additional borrowings assumed in the transactions and on the Company's line of credit as if each had been completed on January 1, 1997. The pro forma financial information is not necessarily indicative of what the Company's results of operations would have been assuming the above events actually occurred as of the dates indicated, nor do they purport to project the Company's results of operations for any future date or for any future period.

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
YEAR ENDED DECEMBER 31, 1997
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	Historical	Pro Forma Adjustments	Pro Forma
	-----	-----	-----
			(Unaudited)
<S>	<C>	<C>	<C>
REVENUE:			
Rental income	\$54,073	\$7,721	\$61,794
Mortgage interest income	28,727		28,727
Other investment income	6,888		6,888
Miscellaneous	1,132		1,132
	-----	-----	-----
	90,820	7,721	98,541
EXPENSES:			
Depreciation and amortization	16,910	2,388	19,298
Interest	24,423	5,379	29,802
General and administrative	4,636		4,636
	-----	-----	-----
	45,969	7,767	53,736
Net earnings (loss)	44,851	(46)	44,805
Preferred stock dividends	3,546		3,546
	-----	-----	-----
Net earnings available to Common	\$41,305	(\$46)	\$41,259
	=====	=====	=====
PER SHARE:			
Net earnings available to Common, Basic	\$2.16		\$2.16
Net earnings available to Common, Diluted	\$2.16		\$2.16
Weighted average number of shares outstanding, basic	19,085		19,085
Weighted average number of shares outstanding, diluted	19,137		19,137

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