

November 17, 2009



# **Omega Announces Agreement to Purchase \$565 Million of Long Term Care Facilities and Conference Call**

HUNT VALLEY, Md.--(BUSINESS WIRE)-- Omega Healthcare Investors, Inc. (NYSE: OHI) today announced that it has entered into a securities purchase agreement with CapitalSource Inc. (NYSE: CSE) and several of its affiliates to purchase entities owning 80 long term care facilities ("Facilities") for approximately \$565 million. The purchase price includes a purchase option ("Option") to acquire entities owning an additional 63 Facilities for approximately \$295 million.

## **\$565 Million of New Investments**

The securities purchase agreement is anticipated to close as follows:

**First Closing** - At the first closing, the Company will acquire entities owning 40 Facilities and the Option to purchase entities owning 63 additional Facilities for approximately \$294.4 million, consisting of: (i) \$184.2 million in cash and a promissory note; (ii) \$50.8 million in Omega common stock; and (iii) assumption of \$59.4 million of 6.8% debt associated with the acquired properties maturing on December 31, 2012. The first closing is expected to occur on December 31, 2009 subject to the terms and conditions of the securities purchase agreement.

The 40 Facilities, representing 5,264 available beds, located in 12 states are part of 15 in-place triple net leases among 12 operators. The 15 leases generate approximately \$31 million of annualized revenue.

**Second Closing** - At the second closing, the Company will acquire entities owning 40 additional Facilities for approximately \$270.4 million, consisting of: (i) \$65.1 million in cash; (ii) assumption of \$20.0 million of 9.0% subordinated debt maturing in December 2021; (iii) assumption of \$55.7 million, 6.41% (weighted-average) HUD debt maturing between January 2036 and May 2040; and (iv) the anticipated assumption of \$129.6 million, 4.85% HUD debt generally maturing in 2039. The second closing is expected to occur on April 1, 2010 subject to the terms and conditions of the securities purchase agreement.

The 40 Facilities, representing 4,882 available beds, located in 2 states are part of 13 in-place triple net leases among 2 operators. The 13 leases generate approximately \$30 million of annualized revenue.

At September 30, 2009, Omega had \$191 million of availability under our \$200 million credit facility; a large portion of which we expect to use to finance the initial closing. The Company is currently reviewing multiple financing proposals in anticipation of the second closing.

The purchase price payable at each closing and the form of consideration to be paid is subject to a number of adjustments set forth in the purchase agreement. The Company

expects the transaction to be immediately accretive to its adjusted Funds From Operations.

#### Purchase Option for \$295 Million of New Investments

The Option to acquire entities owning an additional 63 Facilities is exercisable for cash consideration of \$295.2 million by Omega at any time through December 31, 2011.

The 63 Facilities, representing 6,529 available beds, located in 19 states are part of 30 in-place triple net leases among 18 operators. The 30 leases generate approximately \$34 million of annualized revenue.

#### Company Comments

"Our ability to conservatively manage and protect our very strong balance sheet through the market turmoil over the past two years has positioned Omega to enter into this purchase agreement," stated Taylor Pickett, Omega's President and CEO. Mr. Pickett continued, "We are very pleased with this transaction and the significant strategic and financial benefits these assets will provide to Omega and its shareholders."

#### Conference Call

The Company will be conducting a conference call on Tuesday, November 17, 2009, at 11 a.m. eastern time to review this transaction. To listen to the conference call via webcast, log on to [www.omegahealthcare.com](http://www.omegahealthcare.com) and click the "investment call" icon on the Company's home page. Analysts and investors interested in participating are invited to call (877) 856-1965 from within the United States or (719) 325-4832 from outside the United States, using pass code 4905511.

Webcast replays of the call will be available on the Company's website for at least two weeks following the call. A telephonic replay will also be available from 1:00 p.m. eastern time, Tuesday, November 17, 2009 until at least 12:00 a.m. eastern time on Monday, November 30, 2009. For a telephonic replay, please call (888) 203-1112 from within the United States or (719) 457-0820 from outside the United States, using pass code 4905511.

The Company is a real estate investment trust investing in and providing financing to the long-term care industry. At September 30, 2009, the Company owned or held mortgages on 254 skilled nursing facilities and assisted living facilities with approximately 29,126 licensed beds (27,708 available beds) located in 28 states and operated by 25 third-party healthcare operating companies.

This announcement includes forward-looking statements, including without statements of expectations regarding the closing of the transactions contemplated by the securities purchase agreement ("Purchase Agreement"), and the timing and impact thereof. 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) the ability of the parties to satisfy the various conditions to the completion of the transactions contemplated by the Purchase Agreement; (ii) potential adjustments to the form and amount of consideration payable pursuant to the Purchase Agreement; (iii) potential unforeseen costs associated with the proposed acquisition and the properties to be acquired, (iv) 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; (v) regulatory and other changes in the healthcare sector, including without limitation, changes in Medicare reimbursement; (vi) changes in the financial position of the Company's operators; (vii) the ability of 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; (viii) the availability and cost of capital; (ix) the Company's ability to maintain its credit ratings; (xi) competition in the financing of healthcare facilities; (xii) the Company's ability to maintain its status as a real estate investment trust; (xiii) the Company's ability to manage, re-lease or sell any owned and operated facilities; (xiv) 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; (xv) the effect of economic and market conditions generally, and particularly in the healthcare finance industry; (xvi) the potential impact of a general economic slowdown on governmental budgets and healthcare reimbursement expenditures; and (xvii) 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 material.

Source: Omega Healthcare Investors, Inc.