

April 30, 2013



LTC Reports First Quarter 2013 Results

WESTLAKE VILLAGE, Calif.--(BUSINESS WIRE)-- [LTC Properties, Inc.](#) (NYSE: LTC) ("LTC" or the "Company") announced operating results for the quarter ended March 31, 2013. The Company reported a 10.1% increase in normalized Funds from Operations ("FFO") to \$19.0 million for the quarter ended March 31, 2013, from \$17.3 million for the comparable 2012 period. Normalized FFO per diluted common share was \$0.61 for the quarter ended March 31, 2013, an increase of 8.9% from \$0.56 for the comparable 2012 period. Normalized FFO for the quarter ended March 31, 2013, excludes \$0.7 million of one-time severance and accelerated restricted stock vesting charges related to the retirement of our Senior Vice President, Marketing and Strategic Planning and \$0.1 million of non-cash interest related to earn-out liabilities. The increase in normalized FFO and normalized FFO per diluted common share was due to higher revenues from acquisitions partially offset by an increase in interest expense and higher weighted average shares outstanding.

FFO was \$18.2 million for the first quarter of 2013 compared to \$17.2 million for the first quarter of 2012. FFO per diluted common share was \$0.59 for the first quarter of 2013 compared to \$0.56 for the first quarter of 2012. The increase in FFO and FFO per diluted common share was due to higher revenues from acquisitions partially offset by an increase in interest expense, general and administrative expenses and higher weighted average shares outstanding.

Net income available to common stockholders for the quarter ended March 31, 2013 was \$12.1 million or \$0.40 per diluted share. For the same period in 2012, net income available to common stockholders was \$12.0 million or \$0.40 per diluted share. The increase in net income available to common stockholders was due primarily to higher revenues from acquisitions partially offset by an increase in interest expense, higher depreciation and amortization expense, the one-time charges related to our Senior Vice President's retirement and higher weighted average shares outstanding.

Conference Call Information

The Company will conduct a conference call on Wednesday, May 1, 2013, at 7:00 a.m. Pacific Time, in order to comment on the Company's performance and operating results for the quarter ended March 31, 2013. The conference call is accessible by dialing 888-317-6016. The international number is 412-317-6016. An audio replay of the conference call will be available from May 1 through May 17, 2013. Callers can access the replay by dialing 877-344-7529 or 412-317-0088 and entering conference number 10027691. The earnings release will be available on our website. The Company's supplemental information package for the current period will also be available on the Company's website at www.LTCProperties.com in the "Presentations" section of the "Investor Information" tab.

About LTC

At March 31, 2013, LTC had investments in 90 skilled nursing properties, 104 assisted living properties, 9 range of care properties, two schools and five parcels of land under development. These properties are located in 29 states. Assisted living properties, independent living properties, memory care properties and combinations thereof are included in the assisted living property type. Range of care properties consist of properties providing skilled nursing and any combination of assisted living, independent living and/or memory care services. The Company is a self-administered real estate investment trust that primarily invests in senior housing and long-term care facilities through facility lease transactions, mortgage loans and other investments. For more information on LTC Properties, Inc., visit the Company's website at www.LTCProperties.com.

Forward Looking Statements

This press release includes statements that are not purely historical and are "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the Company's expectations, beliefs, intentions or strategies regarding the future. All statements other than historical facts contained in this press release are forward looking statements. These forward looking statements involve a number of risks and uncertainties. Please see our most recent Annual Report on Form 10-K, our subsequent Quarterly Reports on Form 10-Q, and in our other publicly available filings with the Securities and Exchange Commission for a discussion of these and other risks and uncertainties. All forward looking statements included in this press release are based on information available to the Company on the date hereof, and the Company assumes no obligation to update such forward looking statements. Although the Company's management believes that the assumptions and expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. The actual results achieved by the Company may differ materially from any forward looking statements due to the risks and uncertainties of such statements.

LTC PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(amounts in thousands, except per share amounts, unaudited)

	Three Months Ended March 31,	
	2013	2012
Revenues:		
Rental income	\$24,511	\$20,872
Interest income from mortgage loans	1,059	1,532
Interest and other income	93	236
Total revenues	<u>25,663</u>	<u>22,640</u>
Expenses:		
Interest expense	3,133	2,033
Depreciation and amortization	6,136	5,167
General and administrative expenses	3,418	2,524
Total expenses	<u>12,687</u>	<u>9,724</u>
Income from continuing operations	12,976	12,916
Discontinued operations:		
Gain on sale of assets, net	—	16
Net income from discontinued operations	<u>—</u>	<u>16</u>

Net income	12,976	12,932
Income allocated to non-controlling interests	—	(11)
Net income attributable to LTC Properties, Inc.	<u>12,976</u>	<u>12,921</u>
Income allocated to participating securities	(98)	(94)
Income allocated to preferred stockholders	(818)	(818)
Net income available to common stockholders	<u>\$12,060</u>	<u>\$12,009</u>
Basic earnings per common share:		
Continuing operations	\$0.40	\$0.40
Discontinued operations	<u>\$0.00</u>	<u>\$0.00</u>
Net income available to common stockholders	<u>\$0.40</u>	<u>\$0.40</u>
Diluted earnings per common share:		
Continuing operations	\$0.40	\$0.40
Discontinued operations	<u>\$0.00</u>	<u>\$0.00</u>
Net income available to common stockholders	<u>\$0.40</u>	<u>\$0.40</u>
Weighted average shares used to calculate earnings per common share:		
Basic	<u>30,365</u>	<u>30,189</u>
Diluted	<u>30,399</u>	<u>30,234</u>

NOTE: Computations of per share amounts from continuing operations, discontinued operations and net income are made independently. Therefore, the sum of per share amounts from continuing operations and discontinued operations may not agree with the per share amounts from net income allocable to common stockholders.

Supplemental Reporting Measures

FFO, adjusted FFO (“AFFO”), and Funds Available for Distribution (“FAD”) are supplemental measures of a real estate investment trust’s (“REIT”) financial performance that are not defined by U.S. generally accepted accounting principles (“GAAP”). Investors, analysts and the Company use FFO, AFFO and FAD as supplemental measures of operating performance and we believe they are helpful in evaluating the operating performance of a REIT. Real estate values historically rise and fall with market conditions, but cost accounting for real estate assets in accordance with U.S. GAAP assumes that the value of real estate assets diminishes predictably over time. We believe that by excluding the effect of historical cost depreciation, which may be of limited relevance in evaluating current performance, FFO, AFFO and FAD facilitate comparisons of operating performance between periods. Additionally the Company believes that normalized FFO, normalized AFFO and normalized FAD provide useful information because they allow investors, analysts and our management to compare the Company’s operating performance on a consistent basis without having to account for differences caused by unanticipated items.

FFO, as defined by the National Association of Real Estate Investment Trusts (“NAREIT”), means net income available to common stockholders (computed in accordance with U.S. GAAP) excluding gains or losses on the sale of real estate and impairment write-downs of depreciable real estate plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Normalized FFO represents FFO adjusted for certain items detailed in the reconciliations. The Company’s computation of FFO may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or that have a different interpretation of the current NAREIT definition from the Company; therefore, caution should be exercised when comparing our company’s FFO to that of other REITs.

We define AFFO as FFO excluding the effects of straight-line rent and amortization of lease inducement. U.S. GAAP requires rental revenues related to non-contingent leases that contain specified rental increases over the life of the lease to be recognized evenly over the

life of the lease. This method results in rental income in the early years of a lease that is higher than actual cash received, creating a straight-line rent receivable asset included in our consolidated balance sheet. At some point during the lease, depending on its terms, cash rent payments exceed the straight-line rent which results in the straight-line rent receivable asset decreasing to zero over the remainder of the lease term. By excluding the non-cash portion of straight-line rental revenue and amortization of lease inducement, investors, analysts and our management can compare AFFO between periods. Normalized AFFO represents AFFO adjusted for certain items detailed in the reconciliations.

We define FAD as AFFO excluding the effects of non-cash compensation charges. FAD is useful in analyzing the portion of cash flow that is available for distribution to stockholders. Investors, analysts and the Company utilize FAD as an indicator of common dividend potential. The FAD payout ratio, which represents annual distributions to common shareholders expressed as a percentage of FAD, facilitates the comparison of dividend coverage between REITs. Normalized FAD represents FAD adjusted for certain items detailed in the reconciliations.

The Company uses FFO, normalized FFO, normalized AFFO and normalized FAD as supplemental performance measures of our cash flow generated by operations and cash available for distribution to stockholders. FFO, normalized FFO, normalized AFFO and normalized FAD do not represent cash generated from operating activities in accordance with U.S. GAAP, and are not necessarily indicative of cash available to fund cash needs and should not be considered an alternative to net income available to common stockholders.

Reconciliation of FFO, Normalized FFO, Normalized AFFO and Normalized FAD

The following table reconciles net income available to common stockholders to FFO available to common stockholders, normalized FFO available to common stockholders, normalized AFFO and normalized FAD (*unaudited, amounts in thousands, except per share amounts*):

	Three Months Ended March 31,	
	2013	2012
Net income available to common stockholders	\$12,060	\$12,009
Add: Depreciation and amortization	6,136	5,167
Less: Gain on sale of real estate, net	—	(16)
FFO available to common stockholders	18,196	17,160
Add: Non-cash interest related to earn-out liabilities	110	110
Add: Non-recurring one-time items	707 ⁽¹⁾	—
Normalized FFO available to common stockholders	19,013	17,270
Less: Non-cash rental income	(772)	(482)
Normalized adjusted FFO (AFFO)	18,241	16,788
Add: Non-cash compensation charges	528	452
Normalized funds available for distribution (FAD)	\$18,769	\$17,240

(1) Represents the one-time severance and accelerated restricted stock vesting charges related to the retirement of our Senior Vice President, Marketing and Strategic Planning.

Basic FFO available to common stockholders per share	\$0.60	\$0.57
Diluted FFO available to common stockholders per share	\$0.59	\$0.56
Diluted FFO available to common stockholders	\$19,112	\$18,083
Weighted average shares used to calculate diluted FFO per share available to common stockholders	32,609	32,470

Basic normalized FFO available to common stockholders per share	<u>\$0.63</u>	<u>\$0.57</u>
Diluted normalized FFO available to common stockholders per share	<u>\$0.61</u>	<u>\$0.56</u>
Diluted normalized FFO available to common stockholders	<u>\$19,929</u>	<u>\$18,193</u>
Weighted average shares used to calculate diluted normalized FFO per share available to common stockholders	<u>32,609</u>	<u>32,470</u>
Basic normalized AFFO per share	<u>\$0.60</u>	<u>\$0.56</u>
Diluted normalized AFFO per share	<u>\$0.59</u>	<u>\$0.55</u>
Diluted normalized AFFO	<u>\$19,157</u>	<u>\$17,711</u>
Weighted average shares used to calculate diluted normalized AFFO per share	<u>32,609</u>	<u>32,470</u>
Basic normalized FAD per share	<u>\$0.62</u>	<u>\$0.57</u>
Diluted normalized FAD per share	<u>\$0.60</u>	<u>\$0.56</u>
Diluted normalized FAD	<u>\$19,685</u>	<u>\$18,163</u>
Weighted average shares used to calculate diluted normalized FAD per share	<u>32,609</u>	<u>32,470</u>

LTC PROPERTIES, INC.
CONSOLIDATED BALANCE SHEETS
(amounts in thousands)

	<u>March 31, 2013</u> <i>(unaudited)</i>	<u>December 31, 2012</u> <i>(audited)</i>
ASSETS		
Real estate investments:		
Land	\$ 75,407	\$ 75,407
Buildings and improvements	831,175	824,688
Accumulated depreciation and amortization	<u>(204,646)</u>	<u>(198,548)</u>
Net real estate property	701,936	701,547
Mortgage loans receivable, net of allowance for doubtful accounts: 2013 — \$401; 2012 — \$782	<u>39,741</u>	<u>39,299</u>
Real estate investments, net	741,677	740,846
Other assets:		
Cash and cash equivalents	9,621	7,191
Debt issue costs, net	2,854	3,040
Interest receivable	802	789
Straight-line rent receivable, net of allowance for doubtful accounts: 2013 — \$1,567; 2012 — \$1,557	<u>27,925</u>	<u>26,998</u>
Prepaid expenses and other assets	6,656	7,548
Notes receivable	<u>3,129</u>	<u>3,180</u>
Total assets	<u>\$792,664</u>	<u>\$789,592</u>
LIABILITIES		
Bank borrowings	\$117,500	\$115,500
Senior unsecured notes	185,800	185,800
Bonds payable	2,035	2,635
Accrued interest	2,285	3,279
Earn-out liabilities	6,854	6,744
Accrued expenses and other liabilities	<u>11,379</u>	<u>12,526</u>
Total liabilities	325,853	326,484
EQUITY		
Stockholders' equity:		
Preferred stock \$0.01 par value; 15,000 shares authorized; shares issued and outstanding: 2013 — 2,000; 2012 — 2,000	38,500	38,500
Common stock: \$0.01 par value; 60,000 shares authorized; shares issued and outstanding: 2013 — 30,713; 2012 — 30,544	307	305
Capital in excess of par value	516,011	510,236
Cumulative net income	737,009	724,033
Accumulated other comprehensive income	143	152

Cumulative distributions	(825,159)	(810,125)
Total LTC Properties, Inc. stockholders' equity	466,811	463,101
Non-controlling interests	—	7
Total equity	466,811	463,108
Total liabilities and equity	<u>\$792,664</u>	<u>\$789,592</u>

LTC Properties, Inc.
Wendy L. Simpson
Pam Kessler
805-981-8655

Source: LTC Properties, Inc.