SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(MARK ONE)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934 (FEE REQUIRED)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1996
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

COMMISSION FILE NUMBER: 1-11314

LTC PROPERTIES, INC.
(Exact name of Registrant as specified in its charter)

MARYLAND	71-0720518
(State or other jurisdiction of incorporation or organization)	(I.R.S Employer Identification No.)

300 Esplanade Drive, Suite 1860
Oxnard, California 93030
(Address of principal executive offices)

Registrant's telephone number, including area code: (805) 981-8655

Securities registered pursuant to Section 12(b) of the Act:
<TABLE>
<CAPTION>

Title of Stock	Name of each exchange on which registered
<S>	<C>
Common stock, $.01 Par Value	New York Stock Exchange
9.75% Convertible Subordinated Debentures due 2004	New York Stock Exchange
8.50% Convertible Subordinated Debentures due 2000	New York Stock Exchange
8.50% Convertible Subordinated Debentures due 2001	New York Stock Exchange
7.75% Convertible Subordinated Debentures due 2002	New York Stock Exchange
8.25% Convertible Subordinated Debentures due 2001	New York Stock Exchange

</TABLE>
Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark whether the Company (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 Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of voting stock held by nonaffiliates of the Company is approximately $400,532,793 as of January 31, 1997.

22,098,361
(Number of shares of common stock outstanding as of January 31, 1997)

Part III is incorporated by reference from the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held on May 19, 1997.

Item 1. BUSINESS

General

LTC Properties, Inc. (the "Company"), a health care real estate investment trust (a "REIT"), was organized on May 12, 1992 in the State of Maryland and commenced operations on August 25, 1992. The Company invests in long-term care and other health care related facilities through mortgage loans, facility lease transactions and other investments. The primary objective of the Company is to provide current income for distribution to stockholders through real estate investments in long-term care facilities and other health care related facilities managed by experienced operators providing quality care. To meet this objective, the Company attempts to invest in properties that provide opportunity for additional returns to its stockholders and diversify its investment portfolio by geographic location, operator and form of investment.

The Company was organized to qualify, and intends to continue to qualify, as a REIT. So long as the Company so qualifies, with limited exceptions, the Company will not be taxed under federal income tax laws at the corporate level on its taxable income as long as it distributes at least 95 percent of that amount to its stockholders. The Company has distributed, and intends to continue to make distributions to its stockholders, in order to eliminate any federal tax liability.

At December 31, 1996, the Company had investments in 248 skilled nursing facilities with 28,628 beds and 35 assisted living facilities with 1,456 units in 32 states operated by 84 healthcare providers.

Owned Properties

During 1996, the Company acquired for approximately $113,858,000 22 assisted living facilities and 20 skilled nursing facilities. Sixteen of the skilled nursing facilities were acquired by six newly formed limited partnerships of which the Company, through certain of its subsidiaries, is the general partner and were purchased subject to mortgage loans of approximately $9,641,000. Under the partnership agreements, the Company has guaranteed payment of a 10% preferred return to the holders of $8,932,000 in limited partnership interests. Under certain circumstances, the limited partnership interests can be exchanged, at the option of the holders, into 628,511 shares of the Company's common stock at exercise prices ranging from $13.00 to $15.00 beginning in 1997. Also during 1996, the Company sold four assisted living facilities for their approximate net book value of $7,589,000. The Company's long-term facilities are leased to operators pursuant to long-term "triple net" leases and provide for increases in the rent based upon specified rent increases or, to a lesser extent, upon participation in revenue increases over defined base periods or increases based on consumer price indices.

Mortgage Loans

During 1996, the Company provided mortgage loan financing of $99,440,000 for 31 skilled nursing facilities and five assisted living facilities. Approximately $9,825,000 of the loans will be paid off once the Company completes a sale-leaseback transaction for the same amount on assisted living facilities that are being constructed. The Company's mortgage loans are secured by first mortgages on long-term care facilities and generally provide for escalations in the interest rate based upon specified rate increases.

Mortgage-backed Securities

On March 29, 1996, the Company securitized mortgage loans with an aggregate outstanding principal balance of approximately $112,487,000 by creating a Real Estate Mortgage Investment Conduit ("REMIC") which, in turn, issued mortgage pass-through certificates ("Certificates") aggregating

approximately the same amount. A total of approximately $90,552,000 of Certificates were subsequently sold to third parties by the Company. The Company retained the remaining $21,935,000 face amount of the Certificates, which are effectively subordinated in right of payment to the Certificates sold to third parties. A portion of the other Certificates the Company retained, which have no principal amount, are interest-only certificates and entitle the Company to receive cash flows designated as interest. The proceeds from the sale were used to pay down outstanding borrowings under the Company's lines of credit. At December 31, 1996, the Company had investments in mortgage-backed securities with a carrying value of approximately $92,545,000 secured by 148 long-term care facilities with a total of 16,064 beds in 24 states. See "Part 1, Item 2 -- Properties --Mortgage-backed Securities."

Financing and Other Transactions

In February 1996, the Company sold, through a public offering, $30,000,000 aggregate principal amount of 7.75% Convertible Subordinated Debentures due 2002. The debentures are convertible at any time prior to maturity into shares of the Company's common stock at a conversion price of $16.50 per share. The net proceeds were used to repay borrowings under the Company's lines of credit. In March 1996, the Company filed a shelf-registration statement with the Securities and Exchange Commission covering up to $125,000,000 of debt and equity securities to be sold from time to time in the future. The registration statement was declared effective on April 4, 1996. Pursuant to the shelf registration, the Company, in August 1996, completed the sale of $30,000,000 of 8.25% Convertible Subordinated Debentures due 2001. The debentures are convertible into shares of the Company's common stock at a price of $17.25 per share. Net proceeds from the offering were used to repay short-term borrowings. Also in 1996, the Company repurchased and retired 120,000 shares of common stock for an aggregate purchase price of approximately $1,831,000.

Investment and Other Policies

Objectives and Policies

The Company currently invests in income-producing long-term care facilities. The Company invests either (1) directly in mortgage loans secured by long-term care facilities (2) in the fee ownership of long-term care facilities which are leased to operators (3) or may participate in such investments indirectly through investments in partnerships, joint ventures or other entities that themselves make direct investments in such loans or facilities.

In evaluating potential investments, the Company considers such factors as (i) type of property, (ii) the location, construction quality, condition and design of the property, (iii) the property's current and anticipated cash flow and its adequacy to meet operational needs and lease obligations or debt service obligations, (iv) the quality and reputation of the property's operator, (v) the growth, tax and regulatory environments of the communities in which the properties are located, (vi) the occupancy and demand for similar long-term care facilities in the area surrounding the property and (vii) the Medicaid reimbursement policies and plans of the state in which the property is located.

The Company places primary emphasis on investing in long-term care facilities that have low investment per bed ratios and do not have to rely on a high percentage of private pay patients or ancillary services to cover debt service or lease obligations. The Company seeks to invest in facilities that are located in suburban and rural areas of states with improving reimbursement climates. Prior to every investment, the Company conducts a facility site review to assess the general physical condition of the facility, the potential of additional sub-acute services and the quality of care the operator provides. In addition, the Company reviews the environmental reports, state survey and financial statements of the facility before the investment is made.

The Company prefers to invest in facilities that have a significant market presence in its community and where state licensing procedures limit the entry of competing facilities. To date, most of the Company's investments have been made in the form of mortgage loans secured by skilled nursing facilities. Due to management's belief that assisted living facilities are an increasingly important sector in the long-term care market, a larger portion of the Company's future investments will be made in the form of direct ownership of assisted living facilities. Management believes that assisted living facilities represent a lower cost of long-term care alternative for senior adults than skilled nursing facilities. The Company invests in assisted living facilities that attract the moderate-income private pay patients in smaller communities, preferably in states that have adopted Medicaid waiver programs or are in the process of adopting or reviewing their policies and reimbursement program to provide funding for assisted living residences. The Company believes that locating residences in a state with a favorable regulatory reimbursement climate should provide a stable source of residents eligible for Medicaid reimbursement to the extent private-pay residents are not available, and should provide alternative sources of income for residents when their private funds are depleted and they become Medicaid eligible.

There are no limitations on the amount or percentage of the Company's total assets that may be invested in any one property or joint venture, except for investments in assisted living facilities ("ALFs"). The Board of Directors authorized the Company to invest up to 20% of the Company's adjusted gross real estate investment portfolio (adjusted to include approximately $278,881,000 of mortgage loans to third parties underlying the $92,545,000 December 31, 1996 balance of investment in mortgage-backed securities) in ALFs, with a 10% limit on investments in properties operated by Assisted Living Concepts, Inc. ("ALC"). ALC is an owner, operator and developer of assisted living facilities. Three executive officers of the Company own approximately 5.5% of ALC's common stock as of December 31, 1996 and two of the Company's executive officers serve as members of the Board of Directors of ALC. The Company has discussed with its Board of Directors and anticipates increasing the percentage of its adjusted gross real estate investment portfolio that can be invested in ALFs and properties operated by ALC to 30% and 15%, respectively during 1997. Except for ALFs, no other limits have been set on the number of properties in which the Company will seek to invest, or of the concentration of investments in any one facility or any one city or state, or the type or form of investment.

Borrowing Policies

The Company may incur additional indebtedness when, in the opinion of the directors, it is advisable. The Company may incur such indebtedness to make investments in additional long-term care facilities or to meet the distribution requirements imposed upon REITs under the Internal Revenue Code of 1986, as amended (the "Code") (see Taxation of the Company -- Requirements for Qualifications). For other short-term purposes, the Company may, from time to time, negotiate lines of credit, or arrange for other short-term borrowings from banks or otherwise. The Company may also arrange for long-term borrowings through public offerings or from institutional investors.

In addition, the Company may incur mortgage indebtedness on real estate which it has acquired through purchase, foreclosure or otherwise. The Company may also obtain mortgage financing for unleveraged or underleveraged properties in which it has invested or may refinance properties acquired on a leveraged basis. There is no limitation on the number or amount of mortgages which may be placed on any one property, and the Company has no policy with respect to limitations on borrowing, whether secured or unsecured.

Prohibited Investments and Activities

The policies of the Company, subject to change by the Board of Directors without stockholder approval, impose certain prohibitions and restrictions on various investment practices or activities of the Company including prohibition against:

(i) acquiring any real property unless the consideration paid for such real property is based on the fair market value of the property;

(ii) investing in any junior mortgage loan unless by appraisal or other method, the directors determine that (a) the capital invested in any such loan is adequately secured on the basis of the equity of the borrower in the property underlying such investment and the ability of the borrower to repay the mortgage loan or (b) such loan is a financing device entered into by the Company to establish the priority of its capital investment over the capital invested by others investing with the Company in a real estate project;

(iii) investing in commodities or commodity futures contracts (other than interest rate futures, when used solely for hedging purposes);

(iv) investing more than 1% of the Company's total assets in contracts for sale of real estate unless such contracts are recordable in the chain of title;

(v) holding equity investments in unimproved, non-income producing real property, except such properties as are currently undergoing development or are presently intended to be developed within one year, together with mortgage loans on such property (other than first mortgage development loans), aggregating to more than 10% of the Company's assets.

Competition

The Company competes with other REITs, real estate partnerships, health care providers and other investors, including commercial banks, institutional banks and insurance companies, many of which will have greater financial resources and lower cost of funds than the Company, in the acquisition, leasing and financing of long-term care facilities. The operators compete on a local and regional basis with operators of facilities that provide comparable services. Operators compete for patients based on quality of care, reputation, physical appearance of facilities, services offered, family preferences, physician referrals, staff and price.

Employees

The Company currently employs 13 persons.

Government Financing and Regulation of Health Care

General

Medicaid programs or the equivalent are currently in existence in all of the states in which the Company has nursing facility investments. While these programs differ in certain respects from state to state,

they are all subject to certain federally imposed requirements, as a substantial portion of the funds available under these programs is provided by the federal government. Medicaid programs provide for payments to participating health care facilities on behalf of the indigent and certain other eligible persons. California and Texas provide for reimbursement at flat daily rates, as determined by the responsible state agency and depending on certain levels of care. In all other states, payments are based upon specific cost reimbursement formulas established by the applicable state.

Medicare and most state Medicaid programs utilize a cost-based reimbursement system for nursing facilities which reimburses facilities for the reasonable direct and indirect allowable costs incurred in providing routine services (as defined by the programs) plus, in certain states, a return on equity, subject to certain cost ceilings. These costs normally include allowances for administrative and general costs as well as the costs of property and equipment (depreciation and interest, fair rental allowance or rental expense). In certain states, cost-based reimbursement is typically subject to retrospective adjustment through cost report settlement, and for certain states, payments made to a facility on an interim basis that are subsequently determined to be less than or in excess of allowable costs may be adjusted through future payments to the affected facility and to other facilities owned by the same owner. State Medicaid reimbursement programs vary as to the methodology used to determine the level of allowable costs which are reimbursed to operators.

The Medicaid and Medicare programs are subject to statutory and regulatory changes, administrative rulings, interpretations of policy, intermediary determinations and governmental funding restrictions, all of which may materially increase or decrease program reimbursement to health care facilities. No assurance can be given as to whether the future funding of such programs will remain at levels comparable to the present levels.

Both the Medicaid and Medicare programs contain specific requirements which must be adhered to at all times by health care facilities in order to qualify under the programs. Based upon such information as periodically received by the Company from the operators over the term of the loan, the Company believes that the nursing facilities in which it has investments are in substantial compliance with the various regulatory requirements applicable to them, although there can be no assurance that the operators are in compliance or will be so at any time.

In addition to the requirements to be met by the nursing facilities for participation in the Medicaid and Medicare programs, the nursing facilities are subject to regulatory and licensing requirements of federal, state and local authorities. The operator of each long-term care facility is licensed annually by the board of health or other applicable agency in each state. In granting and renewing licenses, regulatory agencies consider, among other things, the physical buildings and equipment, the qualifications of the administrative personnel and nursing staff, the quality of care and continuing compliance with the laws and regulations relating to the operation of the facilities. State licensing of facilities is a prerequisite to certification under Medicaid and Medicare programs. In the ordinary course of business, the operators receive notices of deficiencies for failure to comply with various regulatory requirements and take appropriate corrective and preventive actions. The Company believes that the nursing facilities in which it has investments are in compliance with the applicable licensing or other regulation although there can be no assurance that the operators are or will be in compliance at any time.

The Company has increased its investments in ALFs during 1996. ALFs are subject to certain state regulations and licensing requirements. In order to qualify as a state licensed facility, ALFs must comply with regulations which address, among other things, staffing, physical design, required services and resident characteristics. ALFs are also subject to various local building codes and other ordinances, including fire

safety codes. These requirements vary from state to state and are monitored to varying degrees by state agencies.

Currently, ALFs are not regulated as such by the federal government. State standards required for ALF providers are less stringent than those required of other licensed health care operators. There can be no assurance that federal regulations governing the operation of ALFs will not be implemented in the future or that existing state regulations will not be expanded. In addition, only certain states have adopted laws or regulations permitting individuals with higher acuity levels to remain in assisted living communities who may otherwise qualify for placement in a nursing facility. While only certain states presently provide for any Medicaid reimbursement for assisted living residences, several states are currently reviewing their policies and reimbursement programs to provide funding for assisted living residences. There can be no assurance that such states will adopt the Medicaid waiver program.

Health Care Reform

The health care industry is facing various challenges, including increased government and private payor pressure on health care providers to control costs, the migration of patients from acute care facilities into extended care and home care settings and the vertical and horizontal consolidation of health care providers. The pressure to control health care costs intensified during 1993 and 1994 as a result of the national health care reform debate and will continue with renewed efforts in 1997 to balance the federal budget. The need to slow the growth rate in federal health care expenditures will be a priority. President Clinton's current budget proposal, for example, seeks $138 billion dollars in reductions in Medicare expenditures needed to address the short term solvency of the federal program, including significant limitations on growth in provider reimbursement. It is anticipated that further debate on overall structural reform of federal health care programs will affect additional legislative action on cost-containment.

The Company believes that government and private efforts to contain and reduce health care costs will continue. These trends are likely to lead to reduced or slower growth in reimbursement for certain services provided by some of the Company's borrowers and lessees. The Company believes that the vast nature of the health care industry, the financial strength and operating flexibility of its operators and the diversity of its portfolio will mitigate against the impact of any such diminution in reimbursement. However, the Company cannot predict whether any of the above proposals or any other proposals will be adopted and, if adopted, no assurance can be given that the implementation of such reforms will not have a material adverse effect on the Company's financial condition or results of operations.

Taxation of the Company

General

The Company has made an election to be taxed as a REIT under Sections 856 through 860 of the Code commencing with its taxable year ended December 31, 1992. The Company believes, that commencing with such taxable year, it has been organized and has operated in such a manner as to qualify for taxation as a REIT under the Code, and the Company intends to continue to operate in such a manner. However, no assurance can be given that the Company has operated or will be able to continue to operate in a manner to so qualify or remain qualified.

If the Company qualifies for taxation as a REIT, it will generally not be subject to federal corporate income taxes on its net income that is currently distributed to stockholders. This treatment substantially

eliminates the "double taxation" (at the corporate and stockholder levels) that generally results from investment in a regular corporation. However, under certain circumstances, the Company will continue to be subject to federal income tax.

The following is a general summary of the provisions that govern the federal income tax treatment of a REIT and its stockholders. This summary is qualified in its entirety by the applicable Code provisions, rules and regulations promulgated thereunder, and administrative and judicial interpretations thereof.

Requirements for Qualifications

The Code defines a REIT as a corporation, trust or association (i) which is managed by one or more trustees or directors; (ii) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest; (iii) which would be taxable as a domestic corporation but for Sections 856 through 859 of the Code; (iv) which is neither a financial institution nor an insurance company subject to certain provisions of the Code; (v) the beneficial ownership of which is held by 100 or more persons; (vi) during the last half of each taxable year not more than 50% in value of the outstanding stock of which is owned, actually or constructively, by five or fewer individuals (as defined in the Code to include certain entities); and (vii) which meets certain other tests, described below. The Code provides that conditions (i) to (iv), inclusive, must be met during the entire taxable year and that condition (v) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months.

To qualify as a REIT for a taxable year under the Code, the Company must elect or previously have elected to be so treated and must meet other requirements, certain of which are summarized below, including percentage tests relating to the sources of its gross income, the nature of the Company's assets and the distribution of its income to stockholders.

Income Tests

In order to maintain its qualification as a REIT, the Company annually must satisfy three gross income requirements. First, at least 75% of the Company's gross income (excluding gross income from certain sales of property held primarily for sale) for each taxable year must be derived directly or indirectly from investments in real property (other than gains from property held primarily for sale), mortgages on real property, or certain qualified temporary investment income. Second, at least 95% of the Company's gross income (excluding gross income form certain sales of property held primarily for sale) for each taxable year must be derived from such real property investments described with respect to the 75% test, dividends, interest and gain from the sale or disposition of stock or securities (other than gain from property held primarily for sale). Third, short-term gain from the sale or other disposition of stock or securities, gain from certain sales of property held primarily for sale, and gain from the sale or other disposition of real property held for less than four years (apart from involuntary conversions and sales of foreclosure property) must represent less than 30% of the Company's gross income for each taxable year.

Asset Test

At the close of each quarter of its taxable year, the Company must also satisfy three tests relating to the nature of its assets. First, at least 75% of the value of the Company's total assets (including the assets held by its subsidiaries and its allocable share of the assets held by partnerships in which it or its subsidiaries is a partner) must be represented by real estate assets (including interests in a qualifying REMIC and shares in a REIT), cash, cash items and government securities. Second, no more than 25% of the Company's total assets (including the assets held by its subsidiaries and its allocable share of the assets held by partnerships in which it

or its subsidiaries is a partner) may be represented by securities other than those includable in the 75% asset class. Third, of theinvestments included in the 25% asset class, the value of any one issuer's securities owned by the Company may not exceed 5% of the value of the Company's total assets and the Company may not own more than 10% of any one issuer's outstanding voting securities.

Distribution Requirements

The Company, in order to qualify as a REIT, is required to distribute dividends (other than capital gain dividends) to its stockholders in an amount at least equal to (A) the sum of (i) 95% of the Company's "REIT taxable income" (computed without regard to the dividends paid deduction and by excluding the Company's net capital gain) and (ii) 95% of the net income (after tax), if any, from foreclosure property, minus (B) the excess of the sum of certain items of non-cash income over 5% of "REIT taxable income" as described in clause (A)(i) above. Such distributions must be paid in the taxable year to which they relate, or in the following taxable year if declared before the Company timely files its tax return for such year, if paid on or before the first regular dividend payment date after such declaration and if the Company so elects and specifies the dollar amount in its tax return. To the extent that the Company does not distribute all of its net capital gain or distributes at least 95%, but less than 100%, of its "REIT taxable income", as adjusted, it will be subject to tax thereon at regular corporate tax rates. Furthermore, if the Company should fail to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary income for such year, (ii) 95% of its REIT capital gain income for such year, and (iii) any undistributed taxable income from prior periods, the Company would be generally subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed.

Failure to Qualify

If the Company should fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, it may nevertheless qualify as a REIT for such year if it is entitled to relief under certain provisions of the Code. However, it is not possible to state whether in all circumstances the Company would be entitled to such statutory relief. If the relief provisions do not apply, the Company would be subject to tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. Distributions to stockholders in any year in which the Company fails to qualify will not be deductible by the Company nor will they be required to be made. Unless entitled to relief under specific statutory provisions, the Company would also be disqualified from taxation as a REIT for the four taxable years following the year during which qualification is lost. Failure to qualify for even one year could result in the Company's incurring substantial indebtedness (to the extent borrowings are feasible) or liquidating substantial investments in order to pay the resulting taxes.

Taxation of Stockholders - General

As long as the Company qualifies as a REIT, distributions made to the Company's stockholders out of current or accumulated earnings and profits (and not designated as capital gain dividends) will be taken into account by them as ordinary income (which will not be eligible for the dividends received deduction for corporations). Distributions that are designated as capital gain dividends will be taxed as long-term capital gains to the extent they do not exceed the Company's actual net capital gain for the taxable year, although corporate stockholders may be required to treat up to 20% of any such capital gain dividend as ordinary income. Distributions in excess of current or accumulated earnings and profits will not be taxable to a stockholder to the extent that they do not exceed the adjusted basis of the stockholder's common stock, but rather will reduce the adjusted basis of such shares. To the extent such distributions exceed the adjusted basis of a stockholder's common stock, they will be included in income as long-term capital gain (or short-term

capital gain if the shares have been held for one year or less) assuming the shares are held as a capital asset in the hands of the stockholder. Under special tax rules for REITs, dividends declared in the last quarter of the calendar year and paid by January 31 of the following year are treated as paid on December 31 of the year declared. Stockholders may not include in their individual income tax returns any net operating losses or capital losses of the Company.

The Company and its stockholders may be subject to state or local taxation in various state or local jurisdictions, including those in which it or they transact business or reside. Other federal, state and local tax considerations may apply depending on the Company's and its stockholders' circumstances.

Factors That May Affect Future Results

Many of the statements herein are forward-looking in nature, and, accordingly, whether they prove to be accurate is subject to many risks and uncertainties. The actual results that the Company achieves may differ materially from many forward-looking statements herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and those contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as those discussed elsewhere herein.

Government Regulation

Health Care Reform. The health care industry is facing various challenges, including increased government and private payor pressure on health care providers to control costs, the migration of patients from acute care facilities into extended care and home care settings and the vertical and horizontal consolidation of health care providers. The pressure to control health care costs intensified during 1993 and 1994 as a result of the national health care reform debate and will continue with renewed efforts in 1997 to balance the federal budget. The need to slow the growth rate in federal health care expenditures will be a priority. President Clinton's current budget proposal, for example, seeks $138 billion in reductions in Medicare expenditures needed to address the short term solvency of the federal program, including significant limitations on growth in provider reimbursement. It is anticipated that further debate on overall structural reform of federal health care programs will affect additional legislative action on cost-containment.

The Company believes that government and private efforts to contain and reduce health care costs will continue. These trends are likely to lead to reduced or slower growth in reimbursement for certain services provided by some of the Company's borrowers and lessees. The Company believes that the vast nature of the health care industry, the financial strength and operating flexibility of its operators and the diversity of its portfolio will mitigate against the impact of any such diminution in reimbursement. However, the Company cannot predict whether any of the above proposals or any other proposals will be adopted, and if adopted, no assurance can be given that the implementation of such reforms will not have a material adverse effect on the Company's financial condition or results of operations.

Potential Operator Loss of Licensure or Certification. The health care industry is highly regulated by federal, state and local law, and is directly affected by state and local licensure, fines, and loss of certification to participate in the Medicare and Medicaid programs, as well as potential criminal penalties. The failure of any borrower or lessee to comply with such laws, requirements and regulations could affect its ability to operate the facility or facilities and could adversely affect such borrower's or lessee's ability to make debt or lease payments to the Company.

In the past several years, due to rising health care costs, there has been an increased emphasis on detecting and eliminating fraud and abuse in the Medicare and Medicaid programs. Payment of any consideration in exchange for referral of Medicare and Medicaid patients is generally prohibited by federal statute, which subjects violators to severe penalties, including exclusion from the Medicare and Medicaid programs, fines, and even prison sentences. In recent years, both federal and state governments have significantly increased investigation and enforcement activity to detect and punish wrongdoers. In addition, legislation has been adopted at both state and federal levels that severly restricts the ability of physicians to refer patients to entities in which they have a financial interest.

It is anticipated that the trend toward increased investigation and informant activity in the area of fraud and abuse, as well as self-referral, will continue in future years. In the event that any borrower or lessee were to be found in violation of laws regarding fraud, abuse or self-referral, that borrower's or lessee's ability to operate a health care facility could be jeopardized, which could adversely affect the borrower's or lessee's ability to make debt or lease payments to the Company and, thereby, adversely affect the Company.

Reliance on Government Reimbursement. A significant portion of the revenue of the Company's borrowers and lessees is derived from governmentally-funded reimbursement programs, such as Medicare and Medicaid. These programs are highly regulated and subject to frequent and substantial changes resulting from legislation, adoption of rules and regulations, and administrative and judicial interpretations of existing law. In recent years, there have been fundamental changes in the Medicare program which have resulted in reduced levels of payment for a substantial portion of health care services. Moreover, health care facilities have experienced increasing pressures from private payers attempting to control health care costs, and reimbursement from private payers has in many cases effectively been reduced to levels approaching those of government payers.

In many instances, revenues from Medicaid programs are already insufficient to cover the actual costs incurred in providing care to those patients. Governmental and popular concern regarding health care costs may result in significant reductions in payment to health care facilities, and there can be no assurance that future payment rates for either governmental or private health care plans will be sufficient to cover cost increases in providing services to patients. Any changes in reimbursement policies which reduce reimbursement to levels that are insufficient to cover the cost of providing patient care could adversely affect revenues of the Company's borrowers and lessees and thereby adversely affect those borrowers' and lessees' abilities to make their debt or lease payments to the Company. Failure of the borrowers or lessees to make their debt or lease payments would have a direct and material adverse impact on the Company.

Competition

The Company competes with other REITs, real estate partnerships, health care providers and other investors, including but not limited to banks and insurance companies, many of which will have greater financial resources than the Company, in the acquisition, leasing and financing of health care facilities. There can be no assurance that suitable investments will be identified or that investments can be consummated on commercially reasonable terms.

Environmental Matters

Under various federal, state and local environmental laws, ordinances and regulations, an owner of real property or a secured lender (such as the Company) may be liable in certain circumstances for the costs of removal or remediation of certain hazardous or toxic substances at, under or disposed of in connection with such property, as well as certain other potential costs relating to hazardous or toxic substances

(including government fines and damages for injuries to persons and adjacent property). Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence or disposal of such substances and may be imposed on the owner in connection with the activities of an operator of the property. The cost of any required remediation, removal, fines or personal or property damages and the owner's liability therefore could exceed the value of the property, and/or the assets of the owner. In addition, the presence of such substances, or the failure to properly dispose of or remediate such substances, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral which, in turn, would reduce the Company's revenues.

Although the Company's mortgage loans and leases require the borrower and the lessee to indemnify the Company for certain environmental liabilities, the scope of such obligations may be limited and there can be no assurance that any such borrower or lessee would be able to fulfill its indemnification obligations.

Health Care Real Estate Investment Risks

Volatility of Value of Real Estate. Real property investments in the health care industry are subject to varying degrees of risk. The economic performance and values of health care real estate can be affected by many factors including governmental regulation, economic conditions, and demand for health care services. There can be no assurance that the value of any property acquired by the Company will appreciate or that the value of property securing any of the Company's mortgage loans or any property acquired by the Company will not depreciate.

Volatility of Income and Returns. The possibility that the health care facilities will not generate income sufficient to meet operating expenses, will generate income and capital appreciation, if any, at rates lower than those anticipated or will yield returns lower than those available through investments in comparable real estate or other investments are additional risks of investing in health care related real estate. Income from properties and yields from investments in such properties may be affected by many factors, including changes in governmental regulation (such as zoning laws), general or local economic conditions (such as fluctuations in interest rates and employment conditions), the available local supply of and demand for improved real estate, a reduction in rental income as the result of an inability to maintain occupancy levels, natural disasters (such as earthquakes and floods) or similar factors.

Illiquidity of Real Estate Investments. Real estate investments are relatively illiquid and, therefore, tend to limit the ability of the Company to vary its portfolio promptly in response to changes in economic or other conditions. All of the Company's properties are "special purpose" properties that could not be readily converted to general residential, retail or office use. Transfers of operations of nursing homes and other health care-related facilities are subject to regulatory approvals not required for transfers of other types of commercial operations and other types of real estate. Thus, if the operation of any of the Company's properties becomes unprofitable due to competition, age of improvements or other factors such that the borrower or lessee becomes unable to meet its obligations on the debt or lease, the liquidation value of the property may be substantially less -- relative to the amount owing on the mortgage loan -- than would be the case if the property were readily adaptable to other uses. The receipt of liquidation proceeds could be delayed by the approval process of any state agency necessary for the transfer of the property. In addition, certain significant expenditures associated with real estate investment (such as real estate taxes and maintenance costs) are generally not reduced when circumstances cause a reduction in income from the investment. Should such events occur, the Company's income and funds available for distribution would be adversely affected.

Uninsured Loss. The Company currently requires, and it is the intention of the Company to continue to require, all borrowers and lessees to secure adequate comprehensive property and liability insurance that covers the Company as well as the borrower and/or lessee. Certain risks may, however, be uninsurable or not economically insurable and there can be no assurance the Company or a lessee will have adequate funds to cover all contingencies itself. Should such an uninsured loss occur, the Company could lose its invested capital.

Dependence on Lease Income and Mortgage Payments from Real Property. Since a substantial portion of the Company's income is derived from mortgage payments and lease income from real property, the Company's income would be adversely affected if a significant number of the Company's borrowers were unable to meet their obligations to the Company or if the Company were unable to lease its properties or make mortgage loans on economically favorable terms. There can be no assurance that any lessee will exercise its option to renew its lease upon the expiration of the initial term or that if such failure to renew were to occur, the Company could lease the property to others on favorable terms.

Item 2. PROPERTIES

Portfolio

As of December 31, 1996, the Company had investments in 248 skilled nursing facilities with a total of 28,628 beds and 35 assisted living facilities with a total of 1,456 units in 32 states. The Company's real estate investment portfolio consisted of approximately $223,578,000 (before accumulated depreciation of $11,640,000) invested in long-term care facilities owned by the Company and leased to operators, approximately $178,262,000 invested in mortgage loans (before allowance for doubtful accounts of $1,000,000), and approximately $92,545,000 invested in mortgage-backed securities.

OWNED PROPERTIES

At December 31, 1996, the Company owned and leased to health care operators 49 skilled nursing facilities with a total of 6,520 beds and 24 assisted living facilities with a total of 868 units in 17 states, representing a net investment of approximately $211,938,000. These long-term care facilities are leased pursuant to non-cancelable leases generally with an initial term of ten to twelve years. Many of the leases contain renewal options and some contain options that permit the operators to purchase the facilities.

The following table sets forth certain information regarding the Company's owned properties as of December 31, 1996:

<TABLE>
<CAPTION>

Location	Number of Facilities	Number of Beds/Units	Purchase Price	Current Annual Rent Payments
<S>	<C>	<C>	<C>	<C>
Alabama	9	912	$ 29,287,996	$ 3,274,779
Arizona	3	587	18,486,509	2,335,600
California	3	473	7,378,468	896,172
Florida	9	1,116	39,064,291	4,061,847
Georgia	1	100	2,500,000	248,750
Idaho	1	39	2,550,000	266,220
Illinois	1	148	6,627,159	746,640
Iowa	6	448	9,401,943	1,073,564

Kansas	4	134	6,700,000	633,820
Montana	1	278	3,830,608	420,365
New Mexico	2	236	6,898,696	785,951
Oklahoma	1	37	1,750,000	168,525

</TABLE>

<TABLE>
<CAPTION>

(Continued)

Location	Number of Facilities	Number of Beds/Units	Purchase Price	Current Annual Rent Payments
<S>	<C>	<C>	<C>	<C>
Oregon	2	71	4,550,000	463,410
Tennessee	2	224	5,550,000	552,225
Texas	16	1685	45,630,908	4,980,779
Virginia	3	443	11,012,655	1,211,748
Washington	9	457	22,358,630	2,185,380
TOTAL	73	7,388	$223,577,863	$24,305,775

</TABLE>

The leases provide for a fixed minimum base rent during the initial and renewal periods. Most of the leases provide for annual fixed rent increases or increases based on consumer price indices over the term of the lease. In addition, certain of the Company's leases provide for additional rent through revenue participation (as defined in the lease agreement) in incremental revenues generated by the facilities, over a defined base period, effective at various times during the term of the lease. Each lease is a triple net lease which requires the lessee to pay additional charges including all taxes, insurance, assessments, maintenance and repair (capital and non-capital expenditures), and other costs necessary in the operation of the facility.

MORTGAGE LOANS

At December 31, 1996, the Company had 67 mortgage loans secured by first mortgages on 73 skilled nursing facilities with a total of 8,672 beds and 11 assisted living residences with 588 units located in 23 states. The mortgage loans, which individually range from $302,500 to $11,240,000 in principal amount, have current interest rates ranging from 9.16% to 13.2% generally have 25-year amortization schedules, have balloon payments due from 1997 to 2017 and provide for certain facility fees. Almost all of the mortgage loans provide for annual increases in the interest rate based upon a specified increase of 10 to 12.5 basis points. Approximately $9,825,000 of the loans due in 1997 will be paid off once the Company completes a sale leaseback transaction for the same amount on assisted living facilities that are being constructed.

The following table sets forth certain information regarding the Company's mortgage loans as of December 31, 1996:

<TABLE>
<CAPTION>

Location	Number of Facilities	Number. of Beds/Units	Face Amount of Mortgage Loans	Current Amount of Mortgage Loans	Current Annual Debt Service (1)
<S>	<C>	<C>	<C>	<C>	<C>
Alabama	1	142	$ 4,100,000	$ 4,060,562	$ 489,706
Arizona	3	479	10,650,000	10,599,851	1,238,740
Arkansas	2	274	3,400,000	3,361,692	396,918
California	11	1,587	22,805,000	23,501,020	2,888,344
Colorado	4	373	6,330,000	5,284,620	615,460
Florida	9	1,106	30,944,862	31,726,985	3,644,254
Georgia	3	287	8,050,000	8,030,186	929,512
Illinois	2	322	6,200,000	6,185,008	643,244
Iowa	3	214	4,000,000	3,940,365	493,338
Kansas	4	233	4,320,000	3,995,045	474,810
Louisiana	1	127	1,600,000	1,600,000	

					196,745
Mississippi	3	400	11,250,000	11,240,003	1,216,767
Missouri	1	174	2,801,000	2,872,520	375,658
Nebraska	5	266	5,348,980	5,434,382	601,749
Nevada	1	100	1,200,000	1,173,996	142,523
North Carolina	2	201	3,770,000	3,728,490	449,556
Ohio	1	150	5,200,000	5,173,773	575,408
Oklahoma	1	161	1,300,000	1,292,252	159,961

</TABLE>

<TABLE>
<CAPTION>
(Continued)

Location	Number of Facilities	Number. of Beds/Units	Face Amount of Mortgage Loans	Current Amount of Mortgage Loans	Current Annual Debt Service (1)
<S>	<C>	<C>	<C>	<C>	<C>
Oregon	4	261	8,160,000	8,157,238	810,999
South Carolina	5	509	11,250,000	11,229,957	1,357,532
Tennessee	3	201	5,861,000	4,826,639	561,609
Texas	11	1383	16,650,000	16,364,741	1,998,690
Washington	4	310	4,500,000	4,482,365	551,282
TOTAL	84	9,260	$179,690,842	$178,261,690	$20,812,805

</TABLE>
(1) Includes principal and interest payments.

In general, the Company's mortgage loans may not be prepaid except in the event of the sale of the facility to a third party that is not affiliated with the borrower. The Company's mortgage loans impose a penalty upon prepayment of the loans depending upon the period in which the prepayment occurs, whether such prepayment was permitted or required, and certain other conditions such as upon the sale of the facility under pre-existing purchase option, destruction or condemnation, or other circumstances as approved by the Company. Such prepayment amount is based upon a percentage of the then outstanding balance declining ratably each year. In addition to a lien on the mortgaged property, the loans are generally secured by certain non-real estate assets of the facilities and contain certain other security provisions in the form of letters of credit, pledged collateral accounts, security deposits, cross-default and cross-collateralization features and certain guarantees. During 1996, the Company received a $941,000 payment with respect to the prepayment of one loan.

MORTGAGE-BACKED SECURITIES

At December 31, 1996, the Company had investments of $92,545,000 in subordinated mortgage-backed pass through certificates collateralized by three pools consisting of 85 first mortgage loans secured by 148 skilled nursing facilities with a total of 16,064 beds in 24 states. Each mortgage loan, all of which were originated by the Company, is evidenced by a promissory note and secured by a mortgage, deed of trust, or other similar instrument that creates a first mortgage lien on a fee simple estate in real property (a "Mortgaged Property"). The $278,881,000 current principal amount of mortgage loans represented by the Certificates have individual principal balances ranging from approximately $297,000 to $13,760,000, have a weighted average interest rate of approximately 11.21%, and have remaining terms to scheduled maturities ranging from 28 months to 220 months.

The following table sets forth certain information regarding the three pools of mortgage loans securing the Certificates as of December 31, 1996:

<TABLE>
<CAPTION>
Original Principal Current Principal

Location	Number of Facilities	Number of Beds	Amount of Remaining Mortgage Loans	Amount of Remaining Mortgage Loans (1)	Current Annual Debt Service
Alabama	8	1,069	$ 18,425,800	$ 18,074,641	$ 2,253,561
Arizona	5	955	26,018,000	25,708,985	2,863,918
California	16	1,705	27,404,786	25,753,046	3,588,009
Connecticut	4	499	10,656,000	10,478,251	1,297,858
Florida	3	330	13,160,000	12,875,952	1,533,085
Georgia	10	1,078	20,822,000	20,566,473	2,498,370
Illinois	6	679	12,426,000	12,150,073	1,495,306
Iowa	10	750	13,531,000	13,782,238	1,493,545
Kansas	1	66	1,200,000	1,191,133	140,033

(Continued)

Location	Number of Facilities	Number of Beds	Original Principal Amount of Remaining Mortgage Loans	Current Principal Amount of Remaining Mortgage Loans (1)	Current Annual Debt Service
Kentucky	1	67	726,000	711,348	88,862
Michigan	3	444	6,800,000	6,698,413	828,043
Mississippi	1	120	2,800,000	2,773,733	332,810
Missouri	5	545	9,489,000	9,297,497	1,161,454
Montana	5	658	14,278,000	14,073,620	1,536,239
Nebraska	4	378	6,614,000	6,545,787	770,105
New Mexico	5	350	9,007,000	8,757,245	1,127,306
North Carolina	2	256	5,350,000	5,217,532	649,726
Ohio	3	243	7,000,000	6,732,363	815,867
Oklahoma	1	112	1,300,000	1,262,522	167,409
S. Dakota	1	50	585,000	574,982	64,189
Tennessee	4	297	6,952,000	6,884,490	822,951
Texas	45	5,020	64,280,000	62,341,306	7,773,876
Washington	4	289	4,583,000	4,502,040	544,601
Wisconsin	1	104	2,075,000	1,927,543	264,000
TOTAL	148	16,064	$285,482,586	$278,881,213	$34,111,123

(1) Included in the balances of the mortgages underlying the mortgage-backed securities are $54,205,000 of non-recourse mortgages payable by the Company. These mortgages are secured by 22 skilled nursing facilities containing a total of 2,634 beds that are owned by the Company and included in the "Owned Properties" described previously.

Such mortgage loans generally have 25-year amortization schedules with balloon payments due from 1999 to 2015, unless prepaid prior thereto.

Contractual principal and interest distributions with respect to the $92,545,000 of Certificates retained by the Company are subordinated to distributions of interest and principal with respect to the $192,210,000 Certificates held by third parties. Thus, based on the terms of the underlying mortgages and assuming no unscheduled prepayments occur, contractual principal reductions on the Certificates retained by the Company will commence in August 2004 with final maturity in April 2015. Distributions on any of the Certificates will depend, in large part, on the amount and timing of payments, collections, delinquencies and defaults with respect to the mortgage loans represented by the Certificates, including the exercise of certain purchase options under existing facility leases or the sale of the Mortgaged Properties. Each of the mortgage loans securing the Certificates contain similar prepayment and certain security provisions with respect to the Company's mortgage loans.

As part of the REMIC transactions discussed above, the Company serves as the sub-servicer and, in such capacity, is responsible for performing substantially all of the servicing duties relating to the mortgage loans represented by the Certificates. The Company receives monthly fees equal to a fixed percentage of the then outstanding mortgage loans in the REMIC which, in management's opinion, represent currently prevailing terms for similar transactions. In addition, the Company will act as the special servicer to restructure any mortgage loans in the REMIC that become in default.

At December 31, 1996, the mortgage-backed securities held by the Company have an effective interest rate of approximately 15.84% based on the expected future cash flows with no unscheduled prepayments.

Item 3. LEGAL PROCEEDINGS

None.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

Item 4a. EXECUTIVE OFFICERS

<TABLE>
<CAPTION>

Name	Age	Position
<S>	<C>	<C>
Andre C. Dimitriadis	56	Chairman, Chief Executive Officer and Director
William McBride III	36	President, Chief Operating Officer and Director
James J. Pieczynski	33	Senior Vice President and Chief Financial Officer

</TABLE>

Mr. Dimitriadis co-founded the Company in 1992 and was employed by Beverly Enterprises, Inc., an owner/operator of long-term care facilities, retirement living facilities and pharmacies, from October 1989 to May 1992, where he served as Executive Vice President and Chief Financial Officer. Prior to that, he was employed by American Medical International, Inc., an owner/operator of hospitals, from 1985 to 1989, where he served as Executive Vice President - Finance, Chief Financial Officer and Director. Mr. Dimitriadis serves as Chairman of the board of directors of Health Management, Inc. and a member of the board of directors of Assisted Living Concepts, Inc. and Magellan Health Services.

Mr. McBride co-founded the Company in 1992 and was employed by Beverly Enterprises, Inc., an owner/operator of long-term care facilities, retirement living facilities and pharmacies, from April 1988 to July 1992, where he served as Vice President, Controller and Chief Accounting Officer from April 1988. Prior to that, he was employed by Ernst & Young LLP, an international accounting firm, from 1982 to 1988. Mr. McBride serves as Chairman of the board of directors of Assisted Living Concepts, Inc. and a member of the board of directors of Malan Realty Investors, Inc.

Mr. Pieczynski has served as Senior Vice President and Chief Financial Officer of the Company since May 1994. He joined the Company in December 1993 as Vice President and Treasurer. Prior to that, he was employed by American Medical International, Inc., an owner/operator of hospitals, from May 1990 to December 1993, where he served as Assistant Controller and Director of Development. From 1984 to 1990, he was employed by Arthur Andersen & Co. LLP, an international accounting firm.

Item 5. MARKET FOR THE COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) The Company's common stock is listed on the New York Stock Exchange. Set forth below are the high and low reported sale prices for the Company's common stock as reported on the New York Stock Exchange.

	Price Per Share High	Price Per Share Low
1995		
First Quarter	13.625	12.500
Second Quarter	13.750	12.625
Third Quarter	15.250	13.125
Fourth Quarter	15.500	14.000
1996		
First Quarter	17.125	14.875
Second Quarter	16.625	15.125
Third Quarter	17.250	15.875
Fourth Quarter	18.875	16.250
1997		
First Quarter (through February 1, 1997)	18.250	17.750

(b) As of January 31, 1997, there were approximately 675 stockholders of record of the Company's common stock. At the date of filing of this Annual Report on Form 10-K, the Company is unable to estimate the number of additional stockholders whose shares are held for them in street name or nominee accounts.

(c) The Company has declared total cash distributions for the two years 1995 and 1996 as set forth below:

	Distributions Declared Per Share
1995	
Quarter ended March 31	$ .29
Quarter ended June 30	.29
Quarter ended September 30	.315
Quarter ended December 31	.315
	$ 1.21
1996	
Quarter ended March 31	$ .315
Quarter ended June 30	.34
Quarter ended September 30	.34
Quarter ended December 31	.34
	$1.335

The Company intends to distribute to its stockholders a majority of its funds from operations and, in any event, an amount at least sufficient to satisfy the distribution requirements of a REIT. Cash flows from operating activities available for distribution to stockholders will be derived primarily from interest and rental payments from its real estate investments. All distributions will be made by the Company subject to approval of the Board of Directors and will depend on the earnings of the Company, its financial condition and such other factors as the Board of Directors deem relevant. In order to qualify for the beneficial tax treatment accorded to REITs by Sections 856 through 860 of the Code, the Company is required to make distributions to holders of its shares equal to at least 95% of the Company's "REIT taxable income."

Item 6. SELECTED FINANCIAL INFORMATION

The following table of selected financial information for the twelve months ended December 31, 1996, 1995, 1994 and 1993 and for the period from August 25, 1992 (commencement of operations) to December 31, 1992 should be read in conjunction with the Company's financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K.

<TABLE>
<CAPTION>

	(In thousands, except per share amounts)				
	1996	1995	1994	1993	1992(1)
<S>	<C>	<C>	<C>	<C>	<C>
Operating Information:					
Revenues	$ 54,930	$ 35,569	$ 27,641	$ 15,847	$ 4,012
Expenses:					
Interest expense	20,604	9,407	6,563	6,400	2,597
Depreciation and amortization	6,298	3,072	1,781	799	41
Amortization of Founders' stock	114	221	372	481	281
Provision for loan losses	-	-	550	372	75
Minority interest	898	57	-	-	-
Operating and other expenses	4,479	2,772	3,037	948	255
Total expenses	32,393	15,529	12,303	9,000	3,249
Net Income	$ 22,537	$ 20,040	$ 15,338	$ 6,847	$ 763
Weighted average shares outstanding	19,257	18,257	15,443	9,169	7,962
Per share Information:					
Net income	$1.17	$1.10	$ 0.99	$ 0.75	$ 0.10
Distributions declared (2)	$1.335	$1.21	$ 1.10	$ 1.02	$ 0.35
Balance Sheet Information:					
Real estate investments, net	$481,745	$340,225	$220,025	$147,269	$ 94,802
Total assets	494,149	357,162	239,369	154,303	148,562
Total debt	283,472	174,083	55,835	61,804	73,192
Total liabilities	299,207	185,458	66,148	69,156	78,250
Minority interest	10,528	1,098	-	-	-
Total stockholders' equity	184,414	170,606	173,221	85,147	70,312

</TABLE>

<TABLE>
<CAPTION>

	1996	1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>
Other Information:					
Funds from Operations (3)	$ 28,793	$ 23,944	$ 17,078	$ 7,605	$ 791
Weighted average shares outstanding	19,257	18,257	15,443	9,169	7,962

</TABLE>

(1) From August 25, 1992 (commencement of operations) to December 31, 1992.

(2) Distributions may exceed current or accumulated net income.

(3) Funds from Operations ("FFO") represents net income (computed in accordance with GAAP) excluding gains (or losses) from debt restructuring and sales of property, plus depreciation of real property and after adjustments for unconsolidated entities in which a REIT holds an interest. FFO is computed in accordance with the definition adopted by the National Association of Real Estate Investment Trusts ("NAREIT"). FFO should not be considered as an alternative to net income or any other GAAP measurement of performance as an indicator of operating performance or as an alternative to cash flows from operations, investing, and financing activities as a measure of liquidity. The Company believes that FFO is helpful in evaluating a real estate investment portfolio's overall performance considering the fact that historical cost accounting implicitly assumes that the value of real estate assets diminishes predictably over time. FFO provides an alternative measurement criteria, exclusive of certain non-cash charges included in GAAP income, by which to evaluate the performance of such investments. In March 1995, NAREIT modified the definition of FFO to eliminate amortization of deferred financing costs and depreciation of non-real estate assets as items added back to net income when computing FFO. The Company implemented the new method of calculating FFO effective as of the NAREIT-suggested adoption date of January 1, 1996. For the above schedule, FFO has been restated for the new method for all periods.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Operating Results

Year ended December 31, 1996 compared to the year ended December 31, 1995

Total revenues for the twelve months ended December 31, 1996 increased by $19,361,000 or 54% to $54,930,000 from $35,569,000. The increase was primarily due to increased rental income of $10,594,000, increased mortgage interest income of $4,382,000 and increased interest income from mortgage-backed securities of $3,480,000. Rental income increased primarily as a result of $113,858,000 of gross investments in new properties during 1996 and the full year impact of investments made in 1995. The increase in mortgage interest income related to the higher overall mortgage investment base that impacted 1996 earnings as compared to the investment base that impacted 1995 earnings. Interest from mortgage-backed securities increased as a result of the third securitization transaction which closed in March 1996. During 1996, the Company completed over $205,000,000 of net investments. The remaining increase in income of $905,000 was primarily due to fees the Company received in 1996 from prepayments of one mortgage loan and eight loans underlying the mortgage-backed securities.

Total expenses for the twelve months ended December 31, 1996 increased by $16,864,000 or 109% to $32,393,000 from $15,529,000 a year ago. The increase resulted primarily from increases in interest expense of $11,197,000, depreciation and amortization expense of $3,119,000, and from operating and other expense of $1,707,000. Interest expense increased primarily due to a higher borrowing base in 1996. In 1996, the Company issued two convertible debt securities totaling $60,000,000 offset by a decrease of $18,813,000 due to conversions of debentures. Net bank borrowings increased by $30,930,000 while net mortgage financing increased by $37,498,000 from new acquisitions in 1996. During 1996, the Company acquired 22 assisted living facilities and 20 skilled nursing facilities resulting in an increase in depreciation and amortization expense. Operating and other expenses increased by $1,707,000 or 62%; however, as a percentage of revenues, such expenses increased only 5%, due to approximately $1,445,000 in additional salaries and bonuses in 1996. The remaining portion of the increase in operating expense was due to higher administrative costs. Minority interest expense increased $841,000 due to the addition of six new partnership transactions in 1996.

As a result of the foregoing, net income for the twelve months ended December 31, 1996 increased $2,497,000 over the same period a year earlier.

Year ended December 31, 1995 compared to the year ended December 31, 1994

Total revenues increased $7,928,000 primarily as a result of increased rental income of $4,292,000 and increased interest income on mortgage loans and mortgage-backed securities of $3,260,000. These increases were primarily attributable to investments of approximately $145,724,000 in long-term care facilities the Company made during 1995 and the full year impact of investments made in 1994. Revenue also increased as a result of increases in rents and interest at those facilities that are required to pay such rents and interest. The remaining increase of $376,000 was primarily due to an increase of $158,000 in prepayment fees received by the Company in 1995 and increases in facility fees and other income of $218,000.

Total expenses for the twelve months ended December 31, 1995 were $15,529,000 versus $12,303,000 for the same period in 1994. The increase was due in large part to an increase in interest expense of approximately $3,581,000 due to the issuance of $30,000,000 of convertible debentures in September 1994

and $61,500,000 of convertible debentures in September 1995. Interest expense also increased by approximately $899,000 due to increased levels of bank borrowings and by approximately $954,000 due to the assumption of non-recourse mortgages. These increases were offset by a decrease of $2,590,000 in interest expense in connection with the conversion of a portion of the Company's 9.75% convertible debentures in 1995. Increased expenses were also attributable to increased depreciation and amortization totaling $1,140,000 as a result of acquisitions in 1995 and 1994. During 1995, the Company acquired 11 skilled nursing facilities and six assisted living residences. Reduction in operating and other expenses resulted primarily from a decrease in bonus expense of $764,000 offset by increased staffing and administrative costs.

As a result of the foregoing, net income for the twelve months ended December 31, 1995 increased $4,702,000 over the same period a year earlier.

Liquidity and Capital Resources

As of December 31, 1996, the Company had investments in 248 skilled nursing facilities with a total of 28,628 beds and 35 assisted living facilities with a total of 1,456 units in 32 states. The Company's real estate investment portfolio consisted of approximately $178,262,000 invested in mortgage loans (before allowance for doubtful accounts of $1,000,000), approximately

$92,545,000 invested in mortgage-backed securities, and approximately $223,578,000 (before accumulated depreciation of $11,640,000) invested in long-term care facilities owned by the Company and leased to operators.

During 1996, the Company completed investments totaling over $205,000,000 which consisted of purchases of 42 long-term care facilities for approximately $113,858,000 and mortgage loans of $99,440,000 net of the sale of four properties in Texas for $7,589,000. The Company financed its investments through the sale of $60,000,000 aggregate principal amount of convertible debentures in February and August 1996, the sale of $90,552,000 of mortgage-backed securities in March 1996, the assumption of non-recourse mortgage loans totaling $9,641,000, the issuance of $8,932,000 in limited partnership interests, short-term borrowings and cash on hand. During 1996, the Company repurchased and retired 120,000 shares of common stock for an aggregate price of approximately $1,831,000. The Company also paid off one of its outstanding mortgage loans totaling $3,331,000.

Under the Credit Agreement, the Company has an unsecured line of credit in the amount of $45,000,000 which expires on May 31, 1998. Borrowings under the credit line bear interest at LIBOR plus 1.5% and are subject to standard affirmative and negative covenants. As of February 1, 1997, the Company had $38,700,000 in borrowings outstanding under the Credit Agreement bearing a weighted average interest rate of approximately 7.2%. In addition, the Company has entered into the Repurchase Agreement with a financial institution under which it can borrow up to $84,000,000. The scheduled maturity of the Repurchase Agreement is November 15, 1997; however, the Company has historically been able to renew the Repurchase Agreement. Borrowings under the Repurchase Agreement bear interest at LIBOR plus 2% and are secured by a pledge of certain mortgage loans. At February 1, 1997, $50,000,000 was outstanding under the Company's Repurchase Agreement bearing an average interest rate of approximately 7.7%.

The credit and repurchase agreements (collectively "lines of credit") limit the amount of borrowings available to between 50% and 60% of the Company's borrowing base. Under the Credit Agreement, the Company's borrowing base is comprised of certain owned properties and mortgage loans. At December 31, 1996, the borrowing base under the Credit Agreement is limited to 50% of the cost of the total applicable value of the properties and 60% of the total applicable value of eligible mortgage loans in the borrowing base or approximately $45,000,000. Under the Repurchase Agreement, the borrowing base consists of various loans

which have been assigned to the financial institution. The Company can borrow up to 60% of the loans which have been assigned. Based on the current level of collateral and borrowings at February 1, 1997, there was approximately $28,451,000 available under the Company's Repurchase Agreement which the Company anticipates will be increased to $34,000,000 when additional collateral is accepted. In addition, the Company had registered in a shelf registration but had not issued up to $77,250,000 of additional securities for future issuance from time to time.

In July 1996, in connection with obtaining a $50,180,000 commitment to enter into a sale leaseback transaction with Assisted Living Concepts, Inc. ("ALC"), the Company agreed to sell four assisted living facilities ("ALFs") it acquired during 1996 in Texas to ALC for approximately $7,589,000. There was no gain or loss recognized on the sale; however, the Company received an administration fee of approximately $214,000 in conjunction with the sale of the four ALFs. In connection with the commitment, the Company entered into a one-year forward ten-year interest rate swap agreement (the "November 1996 Agreement"). Under the November 1996 Agreement, the Company will be credited interest at a three-month LIBOR and will incur interest at a fixed rate of 6.835% on a $40,000,000 notional amount beginning on November 7, 1997. The November 1996 Agreement will be terminated on or before November 7, 1998 which is the latest date by which the Company anticipates having long-term financing in place on these ALFs. At December 31, 1996, the Company had an unrealized gain of $251,000 under the November 1996 Agreement.

The Company also anticipates completing a securitization transaction within the next year, the proceeds of which will be used to repay borrowings outstanding under its Repurchase Agreement and its Credit Agreement. In connection with such securitization, the Company, in September 1995, entered into a seven-year forward interest rate swap agreement (the "September 1995 Agreement"), which effectively locked-in the net interest margin on $60,000,000 principal amount of senior certificates that the Company anticipates will be sold. The September 1995 Agreement has a stated termination date of the earlier of (i) the completion of the securitization or (ii) November 17, 1997 and has been accounted for as a hedging transaction. As of December 31, 1996, the Company had an unrealized loss of $253,000 under the September 1995 Agreement.

In June 1996, the Financial Accounting Standards Board issued Statement No. 125 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." Pursuant to the Statement, the Company will be required to reclassify to "available-for-sale" status its investments in mortgage-backed securities that can contractually be prepaid and measure them like investments in debt securities consistent with Statement 115. Adoption of Statement No. 125 is not required until January 1, 1997. Management does not believe that the result of this reclassification will have a material effect on the financial position of the Company.

The Company has the option to redeem, without penalty, its currently outstanding $843,000 aggregate principal amount of 9.75% Convertible Subordinated Debentures at any time. Since such debentures are convertible into common stock of the Company at a conversion price of $10.00 per share, the Company anticipates that substantially all of such debentures will be converted if it elects to redeem the debentures.

During January 1997, the Company provided mortgage loans totaling approximately $18,530,000 and acquired one skilled nursing facility for $2,556,000. Included in the mortgage loans are approximately $17,330,000 of mortgage loans on assisted living facilities which will be paid off once the Company completes a sale leaseback transaction for the same amount on assisted living facilities that are

being constructed. As of February 1, 1997, the Company had outstanding investment commitments totaling $82,790,000, consisting of approximately $22,650,000 in commitments to make mortgage loans and commitments for the acquisition of one nursing and 25 assisted living facilities for an aggregate purchase price of approximately $60,140,000, including the remaining $35,330,000 commitment to Assisted Living Concepts, Inc. discussed previously. The Company expects to fund substantially all of these commitments by the end of 1997. In addition, in January 1997, the Company sold 1,000,000 shares of common stock at $17.75 per share through a public offering. Of the net proceeds, $17,300,000 was used to pay borrowings under the unsecured line of credit.

The Company expects its future income and ability to make distributions from cash flows from operations to depend on the collectibility of its mortgage loans receivable, mortgage-backed securities and rents. The collection of these loans, certificates and rents will be dependent, in large part, upon the successful operation by the operators of the skilled nursing and assisted living facilities owned by or pledged to the Company. The operating results of the facilities will depend on various factors over which the operators/owners may have no control. Those factors include, without limitation, the status of the economy, changes in supply of or demand for competing long-term care facilities, ability to control rising operating costs, and the potential for significant reforms in the long-term care industry. In addition, the Company's future growth in net income and cash flow may be adversely impacted by various proposals for changes in the governmental regulations and financing of the long-term care industry. The Company cannot presently predict what impact these proposals may have, if any. The Company believes that an adequate provision has been made for the possibility of loans proving uncollectible but will continually evaluate the status of the operations of the skilled nursing and assisted living facilities, the Company's borrowers and the underlying collateral for mortgage loans and make future revisions to the provision, if considered necessary.

The Company's investments, principally its investments in mortgage loans, mortgage-backed securities, and owned properties, are subject to the possibility of loss of their carrying values as a result of changes in market prices, interest rates and inflationary expectations. The effects on interest rates may affect the Company's costs of financing its operations and the fair market value of its financial assets. The Company generally makes loans which have predetermined increases in interest rates and leases which have agreed upon annual increases. Inasmuch as the Company initially funds its investments with its revolving bank line and repurchase agreement, the Company is at risk of net interest margin deterioration if medium and long-term rates were to increase between the time the Company originates the investment and the time it securitizes the loans or replaces the short-term variable rate borrowings with a fixed rate financing. To help reduce the negative impact of changes in interest rates, the Company partially hedges, or locks in, its net interest rate spread on its investments with interest rate swaps, as previously described.

The Company believes that its current cash flow from operations available for distribution or reinvestment, its remaining borrowing capacity under its lines of credit and anticipated securitization transaction are sufficient to provide for payment of its operating costs, fund investments and provide funds for distribution to its stockholders. In addition to its borrowing capacity, the Company is considering various other proposals for additional long-term financing to meet the needs of the Company.

Item 8. FINANCIAL STATEMENTS
<TABLE>
<CAPTION>

</TABLE>

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
LTC Properties, Inc.

We have audited the accompanying consolidated balance sheets of LTC Properties, Inc. as of December 31, 1996 and 1995 and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1996. Our audits also included the financial statement schedules listed in the index at Item 14(a). These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of LTC Properties, Inc. at December 31, 1996 and 1995, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP

Los Angeles, California
January 13, 1997, except Note 10, as to
which the date is February 1, 1997

LTC PROPERTIES, INC.

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

<S>	December 31, 1996 <C>	December 31, 1995 <C>
	(In thousands)	
ASSETS		
Real Estate Investments:		
Buildings and improvements, net of accumulated depreciation and amortization: 1996 - $11,640; 1995 - $5,487	$199,591	$104,546
Land	12,347	7,236
Mortgage loans receivable, net of allowance for doubtful accounts: 1996 - $1,000; 1995 - $997	177,262	161,059
Mortgage-backed securities	92,545	67,384
Real estate investments, net	481,745	340,225
Other Assets:		
Cash and cash equivalents	3,148	1,434
Restricted cash	-	8,300
Debt issue costs, net	4,150	3,331
Interest receivable	2,817	2,093
Prepaid expenses and other assets	2,289	1,779
	12,404	16,937
Total assets	$494,149	$357,162
LIABILITIES AND STOCKHOLDERS' EQUITY		
Convertible subordinated debentures due 1999 - 2004	$135,828	$ 94,641
Bank borrowings	79,400	48,470
Mortgage loans payable	54,205	16,707
Bonds payable and capital lease obligations	14,039	14,265
Accrued interest	6,015	3,196
Accrued expenses and other liabilities	3,041	2,415
Distributions payable	6,679	5,764
Total liabilities	299,207	185,458
Minority interest	10,528	1,098
Commitments	-	-
Stockholders' equity:		
Preferred stock $0.01 par value: 10,000,000 shares authorized; none issued and outstanding	-	-
Common stock $0.01 par value; 40,000,000 shares authorized; shares issued and outstanding: 1996 - 19,484,208; 1995 - 18,297,254	195	183
Capital in excess of par value	195,297	178,453
Cumulative net income	65,525	42,988
Cumulative distributions	(76,603)	(51,018)
Total stockholders' equity	184,414	170,606
Total liabilities and stockholders' equity	$494,149	$357,162

</TABLE>

See accompanying notes

LTC PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF INCOME

(In thousands except per share amount)

<TABLE>
<CAPTION>

<S>	Years ended December 31, 1996 <C>	1995 <C>	1994 <C>
Revenues:			
Rental income	$20,529	$ 9,935	$ 5,643
Interest income from mortgage loans	17,498	13,116	12,836
Interest income from mortgage-backed securities	14,383	10,903	7,923
Interest and other income	2,520	1,615	1,239
Total revenues	54,930	35,569	27,641

Expenses:			
Interest expense	20,604	9,407	6,563
Depreciation and amortization	6,298	3,072	1,781
Amortization of Founders' stock	114	221	372
Provision for loan losses	-	-	550
Minority interest	898	57	-
Operating and other expenses	4,479	2,772	3,037
Total expenses	32,393	15,529	12,303
Net income	$22,537	$20,040	$15,338
Net income per share	$ 1.17	$ 1.10	$ 0.99
Weighted average shares outstanding	19,257	18,257	15,443

</TABLE>

See accompanying notes

LTC PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Amounts in thousands, except per share amounts)

<TABLE>
<CAPTION>

	Common Shares	Stock Amount	Capital in excess of par value	Cumulative Net Income	Cumulative Distributions	Total Stockholders' Equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balances at December 31, 1993	9,737	$ 97	$ 89,698	$ 7,610	$(12,258)	$ 85,147
Amortization of Founders' stock	-	-	372	-	-	372
Issuance of common stock, net	4,800	48	59,570	-	-	59,618
Conversions of debentures, net of unamortized issue costs of $1,237	3,330	34	32,261	-	-	32,295
Repurchase of common stock	(209)	(2)	(2,666)	-	-	(2,668)
Net income	-	-	-	15,338	-	15,338
Distributions ($1.10 per share)	-	-	-	-	(16,881)	(16,881)
Balances at December 31, 1994	17,658	177	179,235	22,948	(29,139)	173,221
Amortization of Founders' stock	-	-	221	-	-	221
Exercise of stock options	2	-	24	-	-	24
Conversions of debentures, net of unamortized issue costs of $651	1,936	19	18,924	-	-	18,943
Repurchase of common stock	(1,299)	(13)	(18,076)	-	-	(18,089)
Repurchase of warrants	-	-	(1,875)	-	-	(1,875)
Net income	-	-	-	20,040	-	20,040
Distributions ($1.21 per share)	-	-	-	-	(21,879)	(21,879)

Balances at December 31, 1995	18,297	183	178,453	42,988	(51,018)	170,606
Amortization of Founders' stock	-	-	114	-	-	114
Exercise of options	3	-	39	-	-	39
Conversions of debentures, net of unamortized issue costs of $576	1,304	13	18,521	-	-	18,534
Repurchase of common stock	(120)	(1)	(1,830)	-	-	(1,831)
Net income	-	-	-	22,537	-	22,537
Distributions ($1.335 per share)	-	-	-	-	(25,585)	(25,585)
Balances at December 31, 1996	19,484	$195	$195,297	$65,525	$(76,603)	$184,414

</TABLE>

See accompanying notes

LTC PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

<TABLE>
<CAPTION>

	Year ended December 31,		
	1996	1995	1994
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES:			
Net income	$ 22,537	$ 20,040	$ 15,338
Depreciation, amortization and non-cash charges	8,181	5,014	2,810
Amortization of Founders' stock	114	221	372
CASH FROM OPERATING ACTIVITIES AVAILABLE FOR DISTRIBUTION OR REINVESTMENT	30,832	25,275	18,520
Net change in other assets and liabilities	2,957	(1,078)	722
Net cash provided by operating activities	33,789	24,197	19,242
INVESTING ACTIVITIES:			
Investment in real estate mortgages	(99,440)	(101,908)	(120,472)
Acquisitions of real estate properties, net	(95,285)	(23,403)	(41,136)
Sale of real estate properties, net	7,589	-	-
Deferred facility fees, net	233	251	558
Proceeds from sale of mortgage-backed securities, net	86,674	19,216	80,203
Principal payments on real estate mortgages	2,272	2,634	8,550
Restricted cash	8,300	(8,300)	-
Principal payments on mortgage loans payable	(3,893)	(37)	-
Other	(660)	88	(1,249)
Net cash used in investing activities	(94,210)	(111,459)	(73,546)
FINANCING ACTIVITIES:			
Proceeds from issuance of convertible debenture offerings, net	57,833	59,091	28,899
Proceeds from issuance of common stock, net	39	-	59,618
Proceeds from issuance of bonds	-	8,300	-
Repurchase of warrants	-	(1,875)	-
Distributions paid	(24,670)	(21,237)	(14,388)
Borrowings under the lines of credit, net	30,930	48,470	(6,000)
Repurchase of common stock	(1,831)	(18,089)	(2,668)
Other	(166)	(230)	4
Net cash provided by (used in) financing activities	62,135	74,430	65,465
(Decrease) increase in cash and cash equivalents	1,714	(12,832)	11,161
Cash and cash equivalents, beginning of year	1,434	14,266	3,105

Cash and cash equivalents, end of year	$ 3,148	$ 1,434	$ 14,266
Supplemental disclosure of cash flow information:			
Interest paid during the year	$ 16,631	$ 7,428	$ 6,909

</TABLE>

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The Company

LTC Properties, Inc. (the "Company") was incorporated on May 12, 1992 in the State of Maryland and commenced operations on August 25, 1992. The Company, which is organized as a real estate investment trust, invests in long-term care facilities through mortgage loans, facility lease transactions and other investments. As of December 31, 1996, the Company had investments in 248 properties ("the Properties") located in 32 states and operated by 84 health care providers. The Properties include 248 skilled nursing facilities with a total of 28,628 beds and 35 assisted living residences with a total of 1,456 units. At December 31, 1996, the Company's real estate investment portfolio consisted of approximately $223,578,000 (before accumulated depreciation of $11,640,000) invested in 73 long-term care facilities owned by the Company and leased to operators, approximately $178,262,000 (before allowance for doubtful accounts of $1,000,000) invested in 67 mortgage loans secured by 73 skilled nursing facilities and 11 assisted living facilities ("ALFs") and approximately $92,545,000 invested in mortgage-backed securities secured by 148 skilled nursing facilities.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and controlled partnerships. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents consist of highly liquid investments with a maturity of three months or less and are stated at cost which approximates market.

Land, Buildings and Improvements

Land, buildings and improvements are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets which range from 7 years for equipment to 40 years for buildings. During the year, the Company adopted Financial Accounting Standards Board ("FASB") Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" and determined that no impairment write-downs were necessary. Depreciation expense on buildings and improvements, including facilities owned under capital leases, was $6,214,000, $2,996,000 and $1,740,000 for the years ended December 31, 1996, 1995 and 1994, respectively.

Hedging of Anticipated Transactions

The Company enters into forward interest rate swap agreements to hedge certain firm commitments and to hedge anticipated securitization transactions. Any gains or losses related to qualifying hedges of firm commitments and anticipated transactions are ultimately recognized upon completion of the hedged transaction.

Revenue Recognition

Interest income on mortgage loans and mortgage-backed securities is recognized on the accrual basis using the effective interest method. The total amount of the base rent payments from operating leases is accrued as earned over the term of the lease. Contingent rental income, which is generated by a percentage of increased revenue over a specified base period revenue of the long-term care facilities, is recognized as earned.

Federal Income Taxes

No provision has been made for federal income taxes. The Company qualifies as a real estate investment trust under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended. As such, the Company is not taxed on its income which is distributed to stockholders, provided that such distribution is at least 95 percent of its taxable income.

Concentration of Credit Risks

The Company's credit risks primarily relate to cash and cash equivalents, the investment in mortgage-backed securities, mortgage loans receivable, facility leases and interest rate swaps. Cash and cash equivalents are primarily held in bank accounts and overnight investments. The mortgage-backed securities relate to participating interests in real estate mortgage investment conduits ("REMICs") as discussed in Note 4. The Company's mortgage loans receivable relate primarily to loans secured by long-term care facilities as discussed in Note 4. The facility leases relate to the long-term care facilities the Company owns and leases to third party operators.

The Company's financial instruments, principally its investment in mortgage-backed securities and mortgage loans receivable, are subject to the possibility of loss of the carrying values as a result of either the failure of other parties to perform according to their contractual obligations or changes in market prices which may make the instrument less valuable. The Company obtains various collateral and other protective rights, and continually monitors these rights, in order to reduce such possibilities of loss. In addition, the Company provides reserves for potential losses based upon management's periodic review of its portfolio.

Net Income Per Share

Computation of net income per share is based on weighted average number of shares of common stock outstanding and dilutive common stock equivalents (principally stock options).

Debt Securities

Effective January 1, 1995, the Company adopted Statement of Financial Accounting Standards No. 115 "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115). Management determines the appropriate classification of debt securities at the time of purchase or origination and reevaluates such designation as of each balance sheet date. Debt securities, principally mortgage-backed securities, are classified as held-to-maturity as the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at amortized cost.

Stock-Based Compensation

In October 1995, the FASB issued SFAS No. 123 "Accounting for Stock-Based Compensation" (Statement 123) which provides companies an alternative to accounting for stock-based compensation as prescribed under APB Opinion No. 25 (APB 25). Statement 123 encourages, but does not require companies to recognize expense for stock-based awards based on their fair value at date of grant. Statement 123 allows companies to continue to follow existing accounting rules (intrinsic value method under APB 25) provided that pro-forma disclosures are made of what net income and earnings per share would have been had the new fair value method been used. The Company has elected to adopt the disclosure requirements of Statement 123 but will continue to account for stock-based compensation under APB 25. Statement 123's disclosure requirements are applicable to stock-based awards granted in fiscal years beginning after December 15, 1994.

New Accounting Pronouncement

In June 1996, the Financial Accounting Standards Board ("FASB") issued

Statement of Financial Accounting Standards (SFAS) No. 125 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" (Statement 125) which is effective beginning January 1, 1997, Statement 125 amends SFAS No. 115 "Accounting for Certain Investments in Debt and Equity Securities" (Statement 115) to include interest-only strips as securities which must be classified as investments that are either available-for-sale or for trading. Accordingly, effective January 1, 1997, the Company will reclassify the portion of its REMIC certificate investments that represent interest-only strips to "available-for-sale" status and account for them consistent with the provisions of Statement No. 115. Management does not believe that the result of this reclassification will have a material effect on the financial position of the Company.

3.   Supplemental Cash Flow Information

Details of net changes in other assets and liabilities for the years ended December 31, 1996, 1995 and 1994 follow:

<TABLE>
<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>
(Increase) in interest receivable	$ (875)	$ (741)	$ (462)
(Increase) decrease in prepaid, other assets and allowance	(99)	(285)	475
Increase (decrease) in accrued interest	2,819	1,224	(755)
Increase (decrease) in accrued expenses and other liabilities	1,112	(1,276)	1,464
Net change	$ 2,957	$(1,078)	$ 722

</TABLE>

<TABLE>
<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>
Non-cash investing and financing transactions:			
Securitization of mortgage loans for mortgage-backed securities	$80,962	$ -	$127,640
Issuance of mortgage loans payable for mortgage-backed securities	31,525	-	-
Conversion of debentures into common stock	18,813	19,357	33,306
Assumption of mortgage loans payable relating to acquisitions of real estate properties	9,641	13,407	3,337
Assumption of capital lease obligations	-	5,965	-
Minority interest	8,932	1,041	-

</TABLE>

Cash flow from operations available for distribution or reinvestment is defined as net income (computed in accordance with generally accepted accounting principles) plus depreciation and amortization and non-cash charges. Non-cash charges in the Consolidated Statements of Cash Flows for the years ended December 31, 1996, 1995 and 1994 include the effective interest method of income on the mortgage-backed securities, interest expense recorded but not paid on the debentures which converted and amortization of debt issuance costs.

4.   Real Estate Investments

Mortgage Loans

During 1996, the Company invested $99,440,000 in mortgage loans secured by, among other things, first mortgages on 31 skilled nursing facilities with a total of 4,077 beds and five assisted living residences with a total of 177 units and certain borrower guarantees. The mortgage loans, which individually range from $305,000 to $11,250,000 in principal amount, have an initial weighted average interest rate of 10.42%, have stated maturities of 5 to 20 years, generally have 25-year amortization schedules, and provide for certain facility fees. Most of the loans provide for annual interest rate increases in the initial rate based upon a specified increase, which range from 10 to 12.5 basis points. Approximately $9,825,000 of the loans due in 1997 will be paid off once the Company completes a sale-leaseback transaction for the same amount on assisted living facilities that are being constructed.

In March 1996, the Company provided non-recourse mortgage loans secured by long-term care facilities to three of its wholly owned subsidiaries and to certain partnerships in which the Company was a general partner totaling $31,525,000. Concurrent with the closing of the loans, the Company completed a real estate investment conduit ("REMIC") transaction in which loans totaling $112,487,000, including the $31,525,000 originated in 1996, were exchanged for mortgage pass-through certificates for an equal amount. See "Mortgage-Backed Securities." See Note 5 - Other Long-term Obligations.

At December 31, 1996, the Company had 67 mortgage loans receivable secured by first mortgage loans on 73 skilled nursing facilities with a total of 8,672 beds and 11 assisted living residences with 588 units located in 23 states. The mortgage loans, which have a carrying amount of approximately $177,262,000 at December 31, 1996, are reflected in the Company's financial statements net of $1,000,000 of loan loss reserves. The mortgage loans, which individually range from $302,500 to $11,240,000 in principal amount, have current interest rates ranging from 9.16% to 13.2% with final payments due from 1997 to 2017. The minimum future principal payments from the mortgage loans at

December 31, 1996 are as follows: $11,617,000 in 1997, $3,035,000 in 1998, $5,095,000 in 1999, $7,189,000 in 2000, $7,327,000 in 2001 and $143,999,000 thereafter.

Mortgage-Backed Securities

On March 29, 1996, the Company securitized approximately $112,487,000 of loans by creating a REMIC which, in turn, issued mortgage pass-through certificates for the same amount in the form of various classes of certificates (the "Certificates"). As part of the securitization, the Company sold approximately $90,552,000 of Certificates to third parties at an effective interest rate of 7.19%. The Company retained the remaining $21,935,000 face amount of such Certificates which are effectively subordinated in right of payment to the Certificates sold to third parties. Included in the mortgage-backed securities are interest-only certificates which have no face amount but are entitled to receive cash flows designated as interest. The net proceeds from the REMIC transaction were used to repay borrowings outstanding under the Company's lines of credit. The mortgage loans represented by the Certificates consisted of 34 mortgage loans, including the loans provided to the Company's wholly owned subsidiaries and to the limited partnerships totaling $31,525,000, and were secured by 55 skilled nursing facilities in 17 states. The mortgage loans in the REMIC pool had an initial weighted average mortgage interest rate of 10.69% and a weighted average remaining term to stated maturity of approximately 107 months. Concurrently with the closing of the REMIC transaction, the Company's interest rate swap agreement entered into in May 1995 was terminated at a cost of approximately $1,500,000 and recognized in the securitization transaction which resulted in no gain or loss.

The mortgage-backed securities owned by the Company, which at December 31, 1996 had a carrying value of $92,545,000, are subordinated to approximately $192,210,000 of senior Certificates which carry a weighted average interest rate of 7.79%. The Company's mortgage-backed securities had a weighted average effective yield of approximately 15.84% at December 31, 1996.

As part of the REMIC transaction discussed above, the Company serves as the sub-servicer and, in such capacity, is responsible for performing substantially all of the servicing duties relating to the mortgage loans represented by the Certificates. The Company receives monthly fees equal to a fixed percentage of the then outstanding mortgage loans in the REMIC which, in management's opinion, represent currently prevailing terms for similar transactions. In addition, the Company will act as the special servicer to restructure any mortgage loans in the REMIC that are in default. At December 31, 1996, all of the payments currently due on its mortgage-backed securities were received.

Interest Rate Swap Agreements

In November 1996, the Company entered into a one-year forward ten-year interest rate swap agreement (the "November 1996 Agreement") to hedge a $50,180,000 commitment to purchase ALFs. Interest rate swaps are contractual agreements between the Company and third parties to exchange fixed and floating interest payments periodically without the exchange of the underlying principal amounts (notional amounts). Under the November 1996 Agreement, the Company will be credited interest at a three-month LIBOR and will incur interest at a fixed rate of 6.835% on a $40,000,000 notional amount beginning on November 7, 1997. The November 1996 Agreement will be terminated on or before

November 7, 1998. At December 31, 1996, the Company had an unrealized gain of $251,000 under the November 1996 Agreement. See Note 8.

In September 1995, the Company entered into a seven-year forward interest rate swap agreement (the "September 1995 Agreement") in conjunction with an anticipated securitization transaction to be completed in 1997. Under the September 1995 Agreement, the Company was credited interest at the six month LIBOR and incurred interest at a fixed rate of 6.64% on a notional amount of $60,000,000 which is being accounted for as a hedge. This effectively locked in the net interest margin on $60,000,000 principal amount of senior certificates the Company anticipates will be sold in the securitization transaction. Concurrent with the closing of the hedged transaction, any gains and losses associated with the interest rate swap will be included as a component of the fair market value of the assets received in the transaction. The September 1995 Agreement will be terminated at the earlier of (i) an anticipated securitization transaction to be completed during the second half of 1997 or (ii) November 17, 1997. At December 31, 1996, the Company had an unrealized loss of $253,000 under the September 1995 Agreement.

At December 31, 1996, the total notional amount of the interest rate swap agreements with off-balance sheet risk was $100,000,000.

Real Estate Properties and Lease Commitments

During 1996, the Company acquired for approximately $45,345,000 22 assisted living facilities ("ALFs") in Alabama, Idaho, Oklahoma, Oregon, Texas and Washington with a total of 820 units. Eighteen of these ALFs were purchased for a total of $38,495,000 and have been leased to Assisted Living Concepts, Inc. ("ALC") for a total annual rent of approximately $3,758,000 (subject to annual increases) pursuant to long-term non-cancelable agreements. Included in the leases to ALC were five ALFs in Washington which were purchased for $11,280,000 and had been financed by the Company through the issuance of $8,300,000 of multi-family tax-exempt revenue bonds in December 1995 that have a total cost of funds of approximately 5.9%. As of December 31, 1996, the Company had acquired all five of the Washington ALFs and had leased them to ALC generating an initial annual rent of approximately $948,000. The Company also acquired for $14,450,000 four skilled nursing facilities in Alabama, Georgia and Tennessee with a total of 472 beds. See Note 5- Other Long-term obligations.

During the twelve months ended December 31, 1996, six newly formed limited partnerships, of which the Company, through certain of its subsidiaries, is the general partner, acquired 16 skilled nursing facilities in Alabama, Arizona, Iowa and Texas for a total of approximately $54,063,000. These facilities were purchased subject to mortgage loans of approximately $9,641,000. Under the partnership agreements, the Company has guaranteed payment of a 10% preferred return to the holders of the $8,932,000 in limited partnership interests. Under certain circumstances, the limited partnership interests can be exchanged, at the option of the holders, into 628,511 shares of the Company's common stock at exercise prices ranging from $13.00 to $15.00 commencing in January and July 1997. The mortgage loans of $9,641,000 assumed by the Company have an initial average interest rate of 11.64%, are due in 2002-2005 and are currently owned by REMICs formed by the Company in 1993 and 1994. In conjunction with these REMICs, the Company sold senior certificates to third parties in 1993 and 1994 at a blended

interest rate of approximately 7.1% and 8.9%, respectively, and retained the remaining certificates. See Note 5- Other Long-term obligations.

The Company leases its owned long-term facilities under operating leases generally with an initial term of ten to twelve years. Many of the leases contain renewal options and some contain options that permit the operators to purchase the facilities. The leases provide for a fixed minimum base rent during the initial and renewal periods. Most of the leases provide for annual fixed rent increases or increases based on increases in consumer price indices over the term of the lease. Certain of the Company's leases provide for additional rent through participation in incremental revenues generated by the facilities, over a defined base period, effective at various times during the term of the lease. Each lease is a triple net lease which requires the lessee to provide for the payment of all taxes, insurance, maintenance and other costs of the facilities by the lessee. Contingent rent income for the years ended December 31, 1996, 1995 and 1994 was immaterial.

Future minimum base rents receivable under the remaining non-cancelable terms of operating leases are as follows (dollars in thousands):

<TABLE>
<CAPTION>

Year ending December 31,	
<S>	<C>
1997	$ 24,520
1998	24,083
1999	24,503
2000	23,553
2001	22,893
Thereafter	100,103

</TABLE>

5. Debt Obligations

Short Term Borrowings

The Company has a repurchase agreement with an institution (the "Repurchase Agreement") whereby it may borrow up to $84,000,000 for general corporate and real estate investment purposes at LIBOR plus 2.0%. Under the Repurchase Agreement, the Company may borrow an amount based on the Company's existing mortgage loans with no additional commitment or unused fees. At December 31, 1996, there were $38,000,000 outstanding borrowings under the Repurchase Agreement. Under the terms of the agreement, borrowings are secured by the mortgage loans of the Company and mature on or before November 15, 1997. However, the Company has historically been able to renew the Repurchase Agreement.

The Company entered into a $25,000,000 unsecured revolving credit agreement (the "Credit Agreement" as amended) with certain banks to provide the Company with short term borrowings. In May 1996, the terms of the Credit Agreement were amended, including certain financial covenants, to increase the amount of the line to $45,000,000 and to extend the expiration date from December 31, 1996 to May 31, 1998. Revolving credit borrowings, at the option of the Company, accrued interest at the agent bank's base rate or LIBOR plus 1.50%. Under the Credit Agreement, the Company pays a commitment fee equal to .25% per annum of the average unused commitment, an annual agency fee of $25,000 plus a one-time commitment fee. The Credit Agreement contains, among other things, certain financial covenants including an interest coverage ratio, ratio of total liabilities to net worth, and ratio of

funded debt to total net worth. At December 31, 1996, the Company had $41,400,000 outstanding under the Credit Agreement bearing an interest rate of approximately 7.2%.

Convertible Subordinated Debentures

The following is a summary of Convertible Subordinated Debentures outstanding at December 31, 1996 and 1995:

<TABLE>
<CAPTION>

Issue Date	Interest Rate	Maturity	Conversion Price per share	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
1992	9.75%	June 2004	$10.00	$ 843,000	$ 3,141,000
1994	8.50%	January 2000	$15.00	22,023,000	30,000,000
1995	8.50%	January 2001	$15.50	45,157,000	51,500,000
1995	8.25%	January 1999	$15.50	10,000,000	10,000,000
1996	7.75%	January 2002	$16.50	27,840,000	-
1996	8.25%	July 2001	$17.25	29,965,000	-
				$135,828,000	$94,641,000

</TABLE>

The 9.75% debentures due 2004 are redeemable by the Company at any time at 100% of the principal plus accrued interest. During the year ended December 31, 1996 and 1995, $2,298,000 and $19,357,000 in principal amount of such debentures converted into 229,800 and 1,935,700 shares of common stock, respectively.

The 8.5% debentures due 2000 are not redeemable by the Company prior to January 1, 1998. During the year ended December 31, 1996, $7,977,000 of debentures converted into 531,794 shares of common stock. No debentures were converted in 1995.

The 8.5% debentures due 2001 and the 8.25% debentures due 1999 are not redeemable by the Company. During the year ended December 31, 1996, $6,343,000 of debentures converted into 409,224 shares of common stock. No debentures were converted in 1995.

On February 5, 1996, the Company sold, through a public offering, $30,000,000 aggregate principal amount of 7.75% Convertible Subordinated Debentures due January 1, 2002. The debentures are convertible at any time prior to maturity into shares of the Company's common stock at a conversion price of $16.50 per share, subject to adjustments under certain circumstances. The debentures are not redeemable by the Company prior to January 1, 2001. The net proceeds were used to repay borrowings outstanding under the Company's lines of credit. During the year ended December 31, 1996, $2,160,000 of debentures converted into 130,908 shares of common stock.

On March 15, 1996, the Company filed a shelf-registration statement with the Securities and Exchange Commission covering up to $125,000,000 of debt and equity securities to be sold from time to time in the future. The registration statement was declared effective on April 4, 1996. Pursuant to the shelf registration, the Company, in August 1996, completed the sale of $30,000,000 of 8.25% Convertible Subordinated Debentures due 2001. The debentures are convertible into shares of the Company's common stock at a price of $17.25 and are not redeemable by the Company. Net proceeds from the offering were used to repay short-term borrowings. During the

year ended December 31, 1996, $35,000 of debentures converted into 2,028 shares of common stock.

Other Long-Term Obligations

The following information relates to other long-term obligations as of December 31:

<TABLE>
<CAPTION>

<S>	1996 <C>	1995 <C>
Mortgage loans payable, interest rates from 9.25% to 12.00%, maturing 2002 to 2006	$54,205,000	$16,707,000
Multi-family tax-exempt revenue bonds, variable interest (4.35% at 12/31/96), maturing at various dates to 2015	8,300,000	8,300,000
Obligations under capital leases, effective interest rates from 7.49% to 7.92%, maturing at various dates to 2013	5,739,000	5,965,000
Totals	$68,244,000	$30,972,000

</TABLE>

In 1996, the Company provided non-recourse mortgage loans to three of its wholly owned subsidiaries and to certain newly formed limited partnerships in which the Company is a general partner totaling $31,525,000. During 1996, the Company acquired, through the newly formed limited partnerships, 16 skilled nursing facilities. These facilities were purchased subject to mortgage loans of approximately $9,641,000. Also during 1996, the Company paid off one of its outstanding mortgage loans totaling $3,331,000.

Aggregate maturities of other long-term obligations, including capitalized leases, are as follows: $630,000 in 1997, $931,000 in 1998, $1,009,000 in 1999, $1,098,000 in 2000, $1,197,000 in 2001 and $63,379,000 thereafter. These obligations are secured by 31 long-term care facilities with a total net book value of $81,915,000. Five of the mortgage loans provide for annual increases in the interest rate in an amount equal to 10 basis points with the interest rates capped at 12%.

6. Fair Value of Financial Instruments

The following estimated fair value amounts have been determined using available market information and other valuation methods. However, considerable judgment is required to interpret market data and, therefore, the estimates presented below are not necessarily indicative of the amounts the Company could realize in a current market.

Mortgage loans receivable are estimated by discounting future cash flow using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. At December 31, 1996, the fair value of real estate mortgages amounted to approximately $189,483,000. The fair value of the mortgage-backed securities was estimated at approximately $98,934,000 based upon expected future cash flows without unscheduled prepayments discounted at an estimated current market rate of interest for similar rated securities. At December 31, 1996, the September 1995 interest rate swap had an unrealized loss of $253,000 while the November 1996 interest rate swap had an unrealized gain of $251,000 based on valuations from an investment bank. Based on the quoted market price of the Company's common stock and the conversion price of the convertible debentures, the fair value of the debentures was estimated at $159,365,000 at December 31, 1996.

7. Stockholders' Equity

Repurchase of Common Stock

During 1996, the Company repurchased and retired 120,000 shares of common stock for an aggregate price of approximately $1,831,000.

Option Plan

The Company has a Stock Option Plan (the "Plan") in which options may be granted as either incentive or nonqualified options. Incentive options may be granted only to officers and employees of the Company, while nonqualified options may be granted to directors, officers, consultants, and other key persons who provide services to the Company. In 1995, the Plan was amended ("Amended and Restated Option Plan) to provide for issuance of restricted shares to officers, employees, directors and other key persons. Under the Amended and Restated Plan, options vest over two to five years and are exercisable within seven years from the date of vesting. In general, each option shall expire on the date specified in the option agreement, but not later than the tenth anniversary of the date on which the option was granted.

The following summarizes transactions regarding the nonqualified options for the years ended December 31, 1994, 1995 and 1996:

<TABLE>
<CAPTION>

<S>	Shares <C>	Option Price Per Share ($) <C>
Outstanding at December 31, 1993	624,000	10.000 to 12.250
Granted	215,500	12.200 to 13.250
Exercised	-	
Canceled	-	-
Outstanding at December 31, 1994	839,500	10.000 to 13.250
Granted	27,000	12.000 to 12.250
Exercised	(2,000)	12.250
Canceled	(3,000)	12.250
Outstanding at December 31, 1995	861,500	10.000 to 13.250
Granted	18,000	15.125
Exercised	(3,200)	12.000 to 12.250
Canceled	(3,000)	12.250
Outstanding at December 31, 1996	873,300	10.000 to 15.125
Exercisable at December 31, 1994	170,500	10.000 to 12.250
Exercisable at December 31, 1995	272,333	10.000 to 13.250
Exercisable at December 31, 1996	436,466	10.000 to 13.250
Available for grant at December 31, 1994	557,000	
Available for grant at December 31, 1995	533,000	
Available for grant at December 31, 1996	358,000	

</TABLE>

In 1996, the Company's Board of Directors approved the issuance of 160,000 shares of restricted stock to certain employees and non-employee directors pursuant to the Company's Amended and Restated Option Plan. The restricted shares will vest over five years, beginning January 1998.

Dividends are payable on the restricted shares to the extent and on the same date as dividends are paid on all of the Company's common stock.

In 1996, the Company adopted the disclosure-requirement provision of SFAS 123 in accounting for stock-based compensation issued to employees. As of December 31, 1996 and 1995, there were 44,000 and 27,000 options outstanding, respectively, that are subject to SFAS 123 disclosure requirements. The fair value of these options was estimated utilizing prescribed valuation models and assumptions as of each respective grant date. Based on the results of such estimates, management determined that there was no material effect on net income or earnings per share for the years ended December 31, 1996 and 1995. The weighted average exercise price of the options were $13.55 and $12.45 and the weighted average remaining contractual lives were 7.7 and 8.3 years as of December 31, 1996 and 1995, respectively.

Founders' Stock

In May 1992, prior to the completion of the initial public offering, the Company issued 300,000 shares of common stock, subject to certain restrictions or forfeitures, to the Founders of the Company. The market value of shares awarded (estimated at $5.00 per share) has been recorded as unearned stock grant compensation and has been recorded as a reduction in capital in excess of par value. The unearned compensation is being charged to expense over a vesting period ranging from two to five years.

For the years ended December 31, 1996, 1995 and 1994, the Company recorded an expense totaling $114,000, $221,000, and $372,000, respectively.

8. Distributions

The Company must distribute at least 95% of its taxable income in order to continue to qualify as a real estate investment trust. Distributions in a given year may exceed the Company's earnings and profits due to non-cash expenses such as depreciation and amortization. Under special tax rules for real estate investment trusts, dividends declared in the last quarter of the calendar year and paid by January 31 of the following year are treated as paid on December 31 of the year declared. Distributions per share are broken down according to the following categories for income tax purposes:

<TABLE>
<CAPTION>

<S>	1996 <C>	1995 <C>	1994 <C>
Ordinary income	$1.228	$1.05	$1.10
Non-taxable distribution	0.107	.16	-
Total	$1.335	$1.21	$1.10

</TABLE>

9. Transactions with Assisted Living Concepts, Inc.

In 1996, the Company's Board of Directors authorized an increase in the Company's investment in assisted living facilities ("ALFs") from 10% to 20% of its adjusted gross real estate investment portfolio (adjusted to include the mortgage loans to third parties underlying the $92,545,000 investment in mortgage-backed securities). In addition, the Board of Directors also authorized an increase in the Company's investment in properties operated by Assisted Living Concepts, Inc. ("ALC"), an owner, operator and developer of ALFs whose securities are listed on

the American Stock Exchange, from 5% to 10% of its adjusted gross real estate investment portfolio (which was approximately $626,516,000 as of December 31, 1996). Currently, two of the Company's executive officers serve as members of the Board of Directors of ALC. As of December 31, 1996, three executive officers of the Company own approximately 5.5% of ALC's common stock. The Company has discussed with its Board of Directors and anticipates increasing the percentage of its adjusted gross real estate investment portfolio that can be invested in ALFs and properties operated by ALC to 30% and 15%, respectively, during 1997. At December 31, 1996, the Company had investments in ALFs and properties operated by ALC of approximately 10.64% and 6.48%, respectively of the Company's total adjusted gross real estate investment portfolio.

In July 1996, in connection with obtaining a $50,180,000 commitment to enter into a sale leaseback transaction with ALC, the Company agreed to sell back four ALFs it acquired during 1996 in Texas to ALC for approximately

$7,589,000. There was no gain or loss recognized on the sale, however, the Company received an administration fee of approximately $214,000 in conjunction with the sale of the four ALF facilities. In connection with the commitment, the Company entered into a one-year forward ten-year interest rate swap agreement (the "Agreement"). Under the Agreement, the Company will be credited interest at a three-month LIBOR and will incur interest at a fixed rate of 6.835% on a $40,000,000 notional amount beginning on November 7, 1997. The Agreement will be terminated on or before November 7, 1998 which is the latest date by which the Company anticipates having long-term financing in place on these residences.

10. Subsequent Events

On January 15, 1997, the Company sold, through a public offering, 1,000,000 shares of common stock at $17.75 per share. Of the total net proceeds, $17,300,000 was used to pay borrowings under the Company's unsecured line of credit.

During January 1997, the Company provided mortgage loans totaling approximately $18,530,000 and acquired one skilled nursing facility for $2,556,000. As of February 1, 1997, the Company had outstanding investment commitments totaling $82,790,000, consisting of approximately $22,650,000 in commitments to make mortgage loans and commitments for the acquisition of one nursing and 25 assisted living facilities for an aggregate purchase price of approximately $60,140,000, including the remaining $35,330,000 commitment to Assisted Living Concepts, Inc. discussed in Note 8. The Company expects to fund substantially all of these commitments by the end of 1997.

During January 1997, an additional $26,358,000 in principal amount of debentures converted into 1,614,153 shares of the Company's common stock.

11. Quarterly Financial Information (Unaudited)

The following quarterly financial data summarizes the unaudited quarterly results for the years ended December 31, 1996 and 1995:
<TABLE>
<CAPTION>

1996	Quarter ended March 31	June 30	September 30	December 31
	(In thousands, except per share amounts)			
<S>	<C>	<C>	<C>	<C>
Revenues	$12,363	$12,920	$14,292	$15,355
Net income	5,455	5,617	5,618	5,847
Net income per share	0.29	0.30	0.29	0.29
Dividends per share	0.315	0.34	0.34	0.34

<CAPTION>

1995	Quarter ended March 31	June 30	September 30	December 31
	(In thousands, except per share amounts)			
<S>	<C>	<C>	<C>	<C>
Revenues	$ 7,505	$ 8,560	$ 9,232	$10,272
Net income	4,718	5,199	4,971	5,152
Net income per share	0.26	0.29	0.27	0.28
Dividends per share	0.29	0.29	0.315	0.315

</TABLE>

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Incorporated herein by reference from the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held May 19, 1997, to be filed pursuant to Regulation 14A.

Item 11. EXECUTIVE COMPENSATION

Incorporated herein by reference from the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held May 19, 1997, to be filed pursuant to Regulation 14A.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated herein by reference from the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held May 19, 1997, to be filed pursuant to Regulation 14A.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated herein by reference from the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held May 19, 1997, to be filed pursuant to Regulation 14A.

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) 1 and 2. Consolidated Financial Statements and Consolidated Financial Statement Schedules

The consolidated financial statements and consolidated financial statement schedules listed in the accompanying index to consolidated financial statements and consolidated financial statement schedules are filed as part of this annual report.

3. Exhibits

The exhibits listed in the accompanying index to exhibits are filed as part of this annual report.

(b) Reports on Form 8-K

A report on Form 8-K was filed on January 30, 1996 reporting the Company's financial results for the year ended December 31, 1995.

LTC PROPERTIES, INC.

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES
(Item 14(a))

<TABLE>
<CAPTION>

</TABLE>

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule.

LTC PROPERTIES, INC.
SCHEDULE VIII
VALUATION AND QUALIFYING ACCOUNTS

December 31, 1996

(In thousands)

<TABLE>
<CAPTION>

Description	Balance at Beginning of period	Additions: Charged to Operations	Additions: Charged to other accounts	Deductions	Balance at end of period
<S>	<C>	<C>	<C>	<C>	<C>
1994					
Allowance for doubtful accounts	$447	550	-	-	$997
1995					
Allowance for doubtful accounts	$997	-	-	-	$997
1996					
Allowance for doubtful accounts	$997	3	-	-	$1,000

</TABLE>

LTC PROPERTIES, INC.
SCHEDULE XI
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 1996

<TABLE>
<CAPTION>

Description	Encumbrances	Initial Cost to Company: Land	Initial Cost to Company: Building and Improvements	Cost Capitalized Subsequent to Acquisition	Gross Amount at which Carried At Close of period: Land	Gross Amount at which Carried At Close of period: Building and Improvements	Total (1)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Long-term care nursing facilities:							
Nursing Homes:							
Demopolis, AL	$ 10,668,066.99 (3)	$ 70,786	$ 2,141,276	$ -	$ 70,786	$ 2,141,276	$ 2,212,062
Fort Payne, AL	(3)	37,178	3,587,724	-	37,178	3,587,724	3,624,903
Jackson, AL	(3)	63,641	2,620,000	-	63,641	2,620,000	2,683,640
Madison, AL	(3)	30,083	2,327,808	-	30,083	2,327,808	2,357,891
Phoenix, AL	(3)	59,089	2,122,670	-	59,089	2,122,670	2,181,760
Phoenix, AZ	7,797,583.12	431,750	6,764,084	-	431,750	6,764,084	7,195,834
Tucson, AZ	6,592,231.54	145,614	3,931,592	-	145,614	3,931,592	4,077,206
East Whittier, CA	-	169,929	1,741,775	-	169,929	1,741,775	1,911,704
West Whittier, CA	-	726,448	1,185,257	-	726,448	1,185,257	1,911,705
Yuba City, CA	-	521,083	3,033,975	-	521,083	3,033,975	3,555,058
Bradenton, FL	-	330,498	2,720,250	-	330,498	2,720,250	3,050,748
Clearwater, FL	-	454,114	2,902,381	-	454,114	2,902,381	3,356,495
Crestview, FL	-	140,000	2,305,979	-	140,000	2,305,979	2,445,979
San Destin, FL	-	175,155	3,874,653	-	175,155	3,874,653	4,049,808
Gulf Breeze, FL	-	600,000	6,020,146	-	600,000	6,020,146	6,620,146
Lecanto, FL	-	350,795	2,664,455	2,251,990	350,795	4,916,445	5,267,240

Pensacola, FL	-	190,000	4,295,297	-	190,000	4,295,297	4,485,297
Pensacola, FL		230,000	4,663,032	-	230,000	4,663,032	4,893,032
Starke, FL	-	113,000	4,782,546	-	113,000	4,782,546	4,895,546
Chicago Heights, IL	-	220,905	6,406,254	-	220,905	6,406,254	6,627,159
Alamagordo, NM	-	314,215	3,567,268	-	314,215	3,567,268	3,881,483
Roswell, NM	-	85,000	2,932,213	-	85,000	2,932,213	3,017,213
Great Falls, MT	4,335,297.45	397,217	3,433,391		397,217	3,433,391	3,830,608
Rusk, TX	-	34,174	2,399,045	-	34,174	2,399,045	2,433,219
Chesapeake, VA	-	372,667	3,298,218		372,667	3,298,218	3,670,885
Richmond, VA	-	372,667	3,298,218	-	372,667	3,298,218	3,670,885
Tappahannock, VA	-	372,667	3,298,218	-	372,667	3,298,218	3,670,885
Toppanish, WA	2,628,853 (4)	132,152	2,653,758	-	132,152	2,653,758	2,785,910
Vancouver, WA	(4)	60,000	3,032,720	-	60,000	3,032,720	3,092,720
Jefferson, IA	10,554,832 (5)	36,272	1,932,778	-	36,272	1,932,778	1,969,050
Houston, TX		201,744	4,457,951	-	201,744	4,457,951	4,659,695
Houston, TX		361,655	3,771,839	-	361,655	3,771,839	4,133,493
Montgomery, AL	3,939,977 (6)	143,724	5,425,566	-	143,724	5,425,566	5,569,290
Carroll, IA	(5)	60,016	1,020,271	-	60,016	1,020,271	1,080,287
Houston, TX		201,744	4,457,951	-	201,744	4,457,951	4,659,695
Woodbury, TN		100,000	2,900,000	-	100,000	2,900,000	3,000,000
Whiteright, TX	1,126,791	100,000	2,922,653	-	100,000	2,922,653	3,022,653
Granger, IA	(5)	92,725	1,325,421	-	92,725	1,325,421	1,418,146
Bedford, TX	(5)	344,683	3,195,303	-	344,683	3,195,303	3,539,985
Midland, TX	2,041,265	32,446	2,285,110	-	32,446	2,285,110	2,317,556
Tiptonville, TN		100,000	2,450,000	-	100,000	2,450,000	2,550,000
Gardendale, AL		83,660	6,316,340	-	83,660	6,316,340	6,400,000
Polk City, IA	(5)	88,238	1,351,428	-	88,238	1,351,428	1,439,666

</TABLE>

<TABLE>
<CAPTION>

Description	Accum. Deprec (2) (3)	Orig. Construc-tion/renovation Date	Date Acquired
<S>	<C>	<C>	<C>
Long-term care nursing facilities:			
Nursing Homes:			
Demopolis, AL	$112,246	1972	Jun. 1995
Fort Payne, AL	202,835	1967/1973	Jun. 1995
Jackson, AL	133,842	1964	Jun. 1995
Madison, AL	127,640	1964/1974	Jun. 1995
Phoenix, AL	119,802	1969	Jun. 1995
Phoenix, AZ	655,290	1985/1992	May 1994
Tucson, AZ	504,450	1985	Mar. 1993
East Whittier, CA	161,433	1964	Sep. 1994
West Whittier, CA	124,898	1964	Sep. 1994
Yuba City, CA	555,383	1970	Jan. 1993
Bradenton, FL	305,559	1989	Sep. 1993
Clearwater, FL	387,360	1965/1993	Sep. 1993
Crestview, FL	198,998	1988	Jun. 1994
San Destin, FL	262,305	1986	Feb. 1995
Gulf Breeze, FL	518,010	1984	Jun. 1994
Lecanto, FL	445,201	1988	Sep. 1993
Pensacola, FL	375,378	1972	Jun. 1994
Pensacola, FL	401,645	1991	Jun. 1994
Starke, FL	410,182	1989	Jun. 1994

Chicago Heights, IL	524,818	1988	Sep. 1994
Alamagordo, NM	485,440	1985	Mar. 1993
Roswell, NM	511,603	1979	Nov. 1992
Great Falls, MT	604,046	1960/1990	Dec. 1992
Rusk, TX	279,030	1969	Mar. 1994

<CAPTION>

Description	Accum. Deprec (2) (3)	Orig. Construction/renovation Date	Date Acquired
<S>	<C>	<C>	<C>
Chesapeake, VA	173,090	1977	Oct. 1995
Richmond, VA	173,090	1970/1975/1980	Oct. 1995
Tappahannock, VA	173,090	1977/1978	Oct. 1995
Toppanish, WA	146,429	1960/1970	Jun. 1995
Vancouver, WA	172,831	1952/1994	Jun. 1995
Jefferson, IA	64,105	1968/1972	Jan. 1996
Houston, TX	90,254	1961	Jun. 1996
Houston, TX	75,971	1964/1968	Jun. 1996
Montgomery, AL	183,761	1967/1974	Jan. 1996
Carroll, IA	35,324	1969	Jan. 1996
Houston, TX	79,880	1967	Jun. 1996
Woodbury, TN	62,200	1972/75/90	May 1996
Whiteright, TX	106,990	1962/64/65	Jan. 1996
Granger, IA	45,973	1979	Jan. 1996
Bedford, TX	114,291	1960	Jan. 1996
Midland, TX	82,770	1973	Feb. 1996
Tiptonville, TN	56,833	1975	May 1996
Gardendale, AL	121,781	1976/1984	May 1996
Polk City, IA	44,981	1976	Jan. 1996

</TABLE>

LTC PROPERTIES, INC.
SCHEDULE XI
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 1996

<TABLE>
<CAPTION>

Description	Encumbrances	Initial Cost to Company: Land	Initial Cost to Company: Building and Improvments	Cost Capitalized Subsequent to Acquisition
<S>	<C>	<C>	<C>	<C>
Atmore, AL	(6)	23,142	2,985,308	-
Mesa, AZ	4,519,902	304,707	6,908,762	-
Houston, TX		571,889	5,964,457	-
Roberta, GA		100,000	2,400,000	-
Norwalk, IA	(5)	45,486	1,034,802	-
Altoona, IA	(5)	102,152	2,312,354	-
Sub-total	54,204,799	10,295,110	163,422,497	2,251,990
Assisted-living facilities:				
Dodge City, KS	1,678,763	87,500	1,662,500	-
Great Bend, KS	1,415,908	86,842	1,563,159	-
McPherson, KS	1,231,666	75,000	1,575,000	-
Salina, KS	1,413,023	71,739	1,578,261	-
Longview, TX	-	38,256	1,568,492	-
Marshall, TX	-	38,256	1,568,492	-
Walla Walla, WA	8,300,000 (7)	100,000	1,940,000	-
Greenville, TX		42,098	1,565,286	-
Camas, WA	(7)	100,000	2,175,000	-
Grandview, WA	(7)	100,000	1,940,000	-
Vancouver, WA	(7)	100,000	2,785,000	-
Athens, TX		95,678	1,511,707	-
Lufkin, TX		100,000	1,950,000	-
Kennewick. WA	(7)	100,000	1,940,000	-
Gardendale, AL		16,340	1,233,660	-
Jacksonville, TX		100,000	1,900,000	-
Kelso, WA		100,000	2,500,000	-
Battleground, WA		100,000	2,500,000	-
Hayden, ID		100,000	2,450,000	-
Klamath Falls, OR		100,000	2,300,000	-
Newport, OR		100,000	2,050,000	-
Tyler, TX		100,000	1,800,000	-
Wichita Falls, TX		100,000	1,850,000	-
Ada, OK		100,000	1,650,000	-

	-----------	-----------	------------	----------
Subtotal	14,039,359	2,051,709	45,556,557	-
	-----------	-----------	------------	----------
Grand total	$68,244,158	$12,346,818	$208,979,053	$2,251,990
	===========	===========	============	==========

<CAPTION>

Description	Gross Amount at which Carried At Close of Period			Accum. Deprec (2)(3)	Orig. Construction/renovation Date	Date Acquired
	Land	Building and Improvments	Total (1)			
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Atmore, AL	23,142	2,985,308	3,008,450	98,518	1967/1974	Jan. 1996
Mesa, AZ	304,707	6,908,762	7,213,468	110,103	1975/1996	Jun. 1996
Houston, TX	571,889	5,964,457	6,536,346	131,548	1967	Jun. 1996
Roberta, GA	100,000	2,400,000	2,500,000	53,333	1964	May 1996
Norwalk, IA	45,486	1,034,802	1,080,287	35,548	1975	Jan. 1996
Altoona, IA	102,152	2,312,354	2,414,509	75,619	1973	Jan. 1996
	-----------	------------	------------	-----------		
Sub-total	10,295,110	165,674,487	175,969,597	10,915,707		
	-----------	------------	------------	-----------		
Assisted-living facilities:						
Dodge City, KS	87,500	1,662,500	1,750,000	49,896	1995	Dec. 1995
Great Bend, KS	86,842	1,563,158	1,650,000	46,921	1995	Dec. 1995
McPherson, KS	75,000	1,575,000	1,650,000	47,259	1994	Dec. 1995
Salina, KS	71,739	1,578,261	1,650,000	47,352	1994	Dec. 1995
Longview, TX	38,256	1,568,492	1,606,749	50,482	1995	Oct. 1995
Marshall, TX	38,256	1,568,492	1,606,748	50,482	1995	Oct. 1995
Walla Walla, WA	100,000	1,940,000	2,040,000	39,981	1996	Apr. 1996
Greenville, TX	42,098	1,565,286	1,607,384	43,192	1995	Jan. 1996
Camas, WA	100,000	2,175,000	2,275,000	34,524	1996	May 1996
Grandview, WA	100,000	1,940,000	2,040,000	44,424	1996	Mar. 1996
Vancouver, WA	100,000	2,785,000	2,885,000	44,043	1996	Jun. 1996
Athens, TX	95,678	1,511,707	1,607,384	41,435	1995	Jan. 1996
Lufkin, TX	100,000	1,950,000	2,050,000	40,169	1996	Apr. 1996
Kennewick. WA	100,000	1,940,000	2,040,000	48,866	1996	Feb. 1996
Gardendale, AL	16,340	1,233,660	1,250,000	23,786	1988	May 1996
Jacksonville, TX	100,000	1,900,000	2,000,000	44,003	1996	Mar. 1996
Kelso, WA	100,000	2,500,000	2,600,000	11,218	1996	Nov. 1996
Battleground, WA	100,000	2,500,000	2,600,000	5,609	1996	Nov. 1996
Hayden, ID	100,000	2,450,000	2,550,000	5,505	1996	Dec. 1996
Klamath Falls, OR	100,000	2,300,000	2,400,000	5,192	1996	Dec. 1996

<CAPTION>

Description	Gross Amount at which Carried At Close of Period			Accum. Deprec (2)(3)	Orig. Construction/renovation Date	Date Acquired
	Land	Building and Improvments	Total (1)			
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Newport, OR	100,000	2,050,000	2,150,000	0	1996	Dec. 1996

Tyler, TX	100,000	1,800,000	1,900,000	0	1996	Dec. 1996
Wichita Falls, TX	100,000	1,850,000	1,950,000	0	1996	Dec. 1996
Ada, OK	100,000	1,650,000	1,750,000	0	1996	Dec. 1996
	-----------	------------	------------	-----------		
Subtotal	2,051,709	45,556,557	47,608,266	724,339		
	-----------	------------	------------	-----------		
Grand total	$12,346,818	$211,231,043	$223,577,863	$11,640,046		
	===========	============	============	===========		

</TABLE>

LTC PROPERTIES, INC.
SCHEDULE XI
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 1996

(1) The aggregate cost for federal income tax purposes.
(2) Depreciation for building is calculated using a 35 year depreciation life for nursing facilities and 40 year life for assisted living facilities and additions to facilities (Lecanto, Florida). Depreciation for furniture and fixtures is calculated based on a 7- year life for all facilities.
(3) This is a single note backed by five facilities in Alabama.
(4) This is a single note backed by two facilities in Washington.
(5) This is a single note backed by a total of seven facilities: Six in Iowa and one in Texas
(6) This is a single note backed by two facilities in Alabama.
(7) This is a single note backed by five facilities in Washington.
(8) The activities for the years ended December 31, 1994, 1995 and 1996 are as follows:

<TABLE>
<CAPTION>

<S>	Real Estate & Equipment <C>	Accumulated Depreciation <C>
Beginning balance	$ 28,560,689	$ 768,213
Additions during period -		
Additions	44,557,538	1,722,148
Deductions during period -		
Cost of real estate sold	-	-
Balance at December 31, 1994	73,118,227	2,490,361
Additions during period -		
Additions	44,150,274	2,996,167
Deductions during period -		
Cost of real estate sold	-	-
Balance at December 31, 1995	117,268,501	5,486,528
Additions during period -		
Additions	113,959,361	6,214,190
Deductions during period -		
Cost of real estate sold	(7,650,000)	(60,672)
Balance at December 31, 1996	$223,577,862	$11,640,046
	============	===========

</TABLE>

LTC PROPERTIES, INC.
SCHEDULE XII
MORTGAGE LOANS ON REAL ESTATE
DECEMBER 31, 1996

<TABLE>
<CAPTION>

STATE <S>	Number of Facilities <C>	Number of Beds <C>	Interest Rate (A) <C>	Final Maturity Date <C>	Balloon Amount (B) <C>
Long-term care facilities:					
FL	2	251	10.750%	Mar. 2006	$ 7,326,841
FL	1	180	9.158%	Dec. 2006	6,212,944
MS	3	400	10.320%	Oct. 2006	10,656,431
SC	5	509	11.700%	Feb. 2003	11,118,772
Various (2)	73	7,920	9.75%-13.2%	Jun. 1997 - Oct. 2017	134,891,128
	--------	--------	-----------	---------	------------

84	9,260	$170,206,116
========	========	============

<CAPTION>

STATE	Face Amount of Mortgages	Carrying Amount of Mortgages at December 31, 1995	Loan Subject to Delinquent Principal or Interest	Current Monthly Debt Service
<S>	<C>	<C>	<C>	<C>
Long-term care facilities:				
FL	$ 8,200,000	$ 8,154,021	$ -	78,891.60
FL	7,200,000	7,200,000	-	61,203.05
MS	11,250,000	11,240,003	-	101,397.29
SC	11,250,000	11,229,957	-	113,127.66
Various (2)	141,790,842	140,437,709	1,666,420	1,379,781.10
	------------	---------------	------------	------------
	$179,690,842	$ 178,261,690 (1)(3)(4)	$ 1,666,420	1,734,401.00
	============	===============	============	============

</TABLE>

(A) Represents current stated interest rate. Generally, the loans have 25-year amortization with principal and interest payable at varying amounts over the life to maturity with annual interest adjustments through specified fixed rate increases effective either on the first anniversary or calendar year of the loan.

(B) Balloon payment is due upon maturity, principally on the 10th year of the loan, wtih various prepayment penalties (as defined in the loan agreement).

(1) The aggregate cost for federal income tax purposes.
(2) Includes 63 first-lien mortgage loans secured by skilled nursing facilities and assisted living facilities as follows:

<TABLE>
<CAPTION>

No. of loans	Original loan amounts:
<S>	<C>
37	$ 305,000 - $2,000,000
12	$2,000,001 - $3,000,000
5	$3,000,001 - $4,000,000
5	$4,000,001 - $5,000,000
4	$5,000,001 - $5,861,000

</TABLE>

LTC PROPERTIES, INC.
SCHEDULE XII
MORTGAGE LOANS ON REAL ESTATE
DECEMBER 31, 1996

The loans (each of which is less than 3% of the total carrying amount) are secured by properties located in Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Illinois, Iowa, Kansas, Louisiana, Missouri, Nebraska, Nevada, North Carolina, Ohio, Oklahoma, Oregon, Tennessee,Texas and Washington.

(3) Mortgage loans on real estate reconciliation:
<TABLE>

<S>	<C>
Balance at December 31, 1993	$ 78,499,874
Additions during period:	
New Mortgage loans	120,472,000
Deletions during period:	
Sales of notes to REMIC	(127,639,788)
Collections of principal	(8,549,726)

Balance at December 31, 1994	62,782,360
Additions during period:	
New Mortgage loans	101,907,720
Deletions during period:	
Collections of principal	(2,633,765)

Balance at December 31, 1995	$ 162,056,315
Additions during period:	
New Mortgage loans	130,964,857
Deletions during period:	
Sales of notes to REMIC	(112,487,255)
Collections of principal	$ (2,272,227)

Balance at December 31, 1996	178,261,690
	=============

</TABLE>

4) None of the Company's mortgage loans have any prior liens. One mortgage loan with a principal amount of $1,666,420 is subject to delinquent principal of $11,095 and interest of $221,984 as of December 31, 1995. No loan has been renewed or extended.
5) The Company has established a general reserve totaling $1,000,000. No loan has been written off against this reserve.

INDEX TO EXHIBITS

Item 12(a))

<TABLE>
<CAPTION>

Exhibit Number	Description
<C>	<S>
3.1	Amended and restated Articles of Incorporation of LTC Properties, Inc. (incorporated by reference to Exhibit 3.1 to Pre-Effective Amendment No. 4 to LTC Properties, Inc.'s Registration Statement on Form S-11 filed on August 7, 1992 (File No. 33-48085)
3.2	By-Laws of LTC Properties, Inc. (incorporated by reference to Exhibit 3.2 to LTC Properties, Inc.'s initial Registration Statement on Form S-11 filed on May 22, 1992 (File No. 33-48085)
3.3	Amended and Restated By-Laws of the Company (incorporated by reference to Exhibit 3.1 to LTC Properties, Inc.'s form 10-Q for the quarter ended June 30, 1996)
4.1	Indenture dated August 25, 1992 between LTC Properties, Inc. and Harris Trust and Savings Bank, as trustee with respect to 9.75% Convertible Subordinated Debentures due 2004 (incorporated by reference to Exhibit 4.1 to LTC Properties, Inc.'s Form 10-K for the year ended December 31, 1992)
4.2	Indenture dated September 23, 1994 between LTC Properties, Inc. and Harris Trust and Savings Bank, as trustee (incorporated by reference to Exhibit 4.2 to LTC Properties, Inc.'s Form 10-K for the year ended December 31, 1994)
4.3	First Supplemental Indenture dated as of September 23, 1994 to Indenture dated September 23, 1994 between LTC Properties, Inc. and Harris Trust and Savings Bank, as trustee with respect to $30,000,000 in principal amount of 8.5% Convertible Subordinated Debentures due 2000 (incorporated by reference to Exhibit 4.3 to LTC Properties, Inc.'s Form 10-K for the year ended December 31, 1994)
4.4	Second Supplemental Indenture dated as of September 21, 1995 to Indenture dated September 23, 1994 between LTC Properties, Inc. and Harris Trust and Savings Bank, as trustee with respect to $51,500,000 in principal amount of 8.5% Convertible Subordinated Debentures due 2001 (incorporated by reference to Exhibit 10.17 to LTC Properties, Inc.'s Form 10-Q for the quarter ended September 30, 1995)
4.5	Third Supplemental Indenture dated as of September 26, 1995 to Indenture dated September 23, 1994 between LTC Properties, Inc. and Harris Trust and Savings Bank, as trustee with respect to $10,000,000 in principal amount of 8.25% Convertible Subordinated Debentures due 1999 (incorporated by reference to Exhibit 10.19 to LTC Properties, Inc.'s Form 10-Q for the quarter ended September 30, 1995)
4.6	Fourth Supplemental Indenture dated as of February 5, 1996 to Indenture dated September 23, 1994 between LTC Properties, Inc. and Harris Trust and Savings Bank, as trustee with respect to $30,000,000 in principal amount of 7.75% Convertible Subordinated Debentures due 2002 (incorporated by reference to Exhibit 4.6 to LTC Properties, Inc.'s Form 10-K for the year ended December 31, 1995)
10.1	Employment contract with Andre C. Dimitriadis (incorporated by reference to Exhibit 10.2 to Pre-Effective Amendment No. 4 to LTC Properties, Inc.'s Registration Statement on Form S-11 filed on August 7, 1992 (File No. 33-48085)
10.2	Employment contract with William McBride III (incorporated by reference to Exhibit 10.3 to Pre-Effective Amendment No. 4 to LTC Properties, Inc.'s Registration Statement on Form S-11 filed on August 7, 1992 (File No. 33-48085)
10.3	1992 Stock Option Plan (incorporated by reference to Exhibit 10.4 to Post-Effective Amendment No. 4 to LTC Properties, Inc.'s Registration Statement on Form S-11 filed on August 7, 1992 (File No. 33-48085)

</TABLE>

INDEX TO EXHIBITS (Continued)

<TABLE>

<C>	<S>
10.4	Master Repurchase Agreement dated May 14, 1993 between LTC Properties, Inc. and Goldman Sachs Mortgage Company (incorporated by reference to Exhibit 10.5 to LTC Properties, Inc.'s Form 10-Q for the quarter ended June 30, 1993)
10.5	Purchase Agreement dated July 28, 1993 between LTC Properties, Inc., LTC REMIC Corporation and Goldman Sachs Mortgage Company (incorporated by reference to Exhibit 10.6 to LTC Properties, Inc.'s Form 10-Q for the quarter ended June 30, 1993)
10.6	Master Repurchase Agreement dated December 15, 1993 between LTC Properties, Inc. and Goldman Sachs Mortgage Company (incorporated by reference to Exhibit 10.7 to LTC Properties, Inc.'s Form 10-K for the year ended December 31, 1994)
10.7	Amended and Restated 1992 Stock Option Plan (incorporated by reference to Exhibit 10.8 to LTC Properties, Inc.'s Form 10-K for the year ended December 31, 1994)
10.8	Revolving Credit Agreement dated as of January 18, 1995 among LTC Properties, Inc., the lenders named therein and Sanwa Bank California, as agent for such lenders (incorporated by reference to Exhibit 10.9 to LTC Properties, Inc.'s Form 10-K for the year ended December 31, 1994)
10.9	Transfer and Repurchase Agreement, dated as of July 20, 1993, between LTC Properties, Inc. and LTC REMIC Corporation (incorporated by reference to Exhibit 10.10 to LTC Properties, Inc.'s Form 10-K for the year ended December 31, 1994)
10.10	Pooling and Servicing Agreement, dated as of July 20, 1993, among LTC REMIC Corporation, as depositor, Bankers Trust Company, as master servicer, LTC Properties, Inc., as special servicer and originator and Union Bank, as trustee (incorporated by reference to Exhibit 10.11 to LTC Properties, Inc.'s Form 10-K for the year ended December 31, 1994)
10.11	Transfer and Repurchase Agreement, dated as of November 1, 1994, between LTC Properties, Inc. and LTC REMIC Corporation (incorporated by reference to Exhibit 10.12 to LTC Properties, Inc.'s Form 10-K for the year ended December 31, 1994)
10.12	Pooling and Servicing Agreement, dated as of November 1, 1994, among LTC REMIC Corporation, as depositor, Bankers Trust Company, as master servicer, LTC Properties, Inc., as special servicer and originator and Marine Midland Bank, as trustee (incorporated by reference to Exhibit 10.13 to LTC Properties, Inc.'s Form 10-K dated December 31, 1994)
10.13	Deferred Compensation Plan of LTC Properties, Inc. (incorporated by reference to Exhibit 10.14 to LTC Properties, Inc.'s Form 10-Q for the quarter ended June 30, 1995)
10.14	Swap Agreement by and between Goldman Sachs Capital Markets, L.P., Goldman Sachs Group, L.P. and LTC Properties, Inc. dated May 23, 1995 (incorporated by reference to Exhibit 10.15 to LTC Properties, Inc.'s Form 10-Q for the quarter ended June 30, 1995)
10.15	Swap Agreement by and between Goldman Sachs Capital Markets, L.P., Goldman Sachs Group, L.P. and LTC Properties, Inc. dated September 12, 1995 (incorporated by reference to Exhibit 10.16 to LTC Properties, Inc.'s Form 10-Q for the quarter ended September 30, 1995)
10.16	Amended and Restated Revolving Credit Agreement dated as of October 17, 1995 among LTC Properties, Inc., the lenders named therein and Sanwa Bank California, as agent for such lenders (incorporated by reference to Exhibit 10.19 to LTC Properties, Inc.'s Form 10-Q for the quarter ended September 30, 1995)
10.17	Amended Deferred Compensation Plan (incorporated by reference to Exhibit 10.17 to LTC Properties, Inc.'s Form 10-K for the year ended December 31, 1995)

</TABLE>

<TABLE>

<C>	<S>
10.18	Pooling and Servicing Agreement dated as of March 1, 1996, among LTC REMIC Corporation, as depositor, GMAC Commercial Mortgage Corporation, as Master Servicer, LTC Properties, Inc., as Special Servicer and Originator, LaSalle National Bank, as Trustee and ABN AMRO Bank, N.V., as fiscal agent (incorporated by reference to Exhibit 10.1 to LTC Properties, Inc.'s Form 10-Q for the quarter ended March 31, 1996)
10.19	Transfer and Repurchase Agreement by and between LTC Properties, Inc. and LTC REMIC Corporation dated as of March 1, 1996 (incorporated by reference to Exhibit 10.2 to LTC Properties, Inc.'s Form 10-Q for the quarter ended March 31, 1996)
10.20	Second Amended and Restated Revolving Credit Agreement between LTC Properties, Inc. and Sanwa Bank California, as agent, dated as of May 21, 1996 (incorporated by reference to Exhibit 10.1 to LTC Properties, Inc.'s Form 10-Q for the quarter ended June 30, 1996)
10.21	Guarantee Agreement between Kansas-LTC Corporation, L-Tex GP, Inc., and L-Tex LP, Inc., Rusk-Tex, LP, Inc., Texas-LTC Limited Partnership, as guarantors, and Sanwa Bank California, as the agent, dated as of

	May 21, 1996 (incorporated by reference to LTC Properties, Inc.'s Form 10-Q for the quarter ended June 30, 1996)
10.22	Amended and Restated 1992 Stock Option Plan as filed herewith
10.23	Swap Agreement by and between Goldman Sachs Capital Markets, L.P., Goldman Sachs Group, L.P. and LTC Properties, Inc. dated November 15, 1996 as filed herewith
10.24	Swap Agreement by and between Goldman Sachs Capital Markets, L.P., Goldman Sachs Group, L.P. and LTC Properties, Inc. dated February 11, 1997 as filed herewith
11.1	Computation of Net Income (loss) Per Share for the years ended December 31, 1996, 1995 and 1994 as filed herewith
21.1	List of Subsidiaries as filed herewith
23.1	Consent of Ernst & Young LLP with respect to the financial information of the Company as filed herewith
27	Financial Schedules

</TABLE>

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the securities Exchange Act of 1934, Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LTC Properties, Inc.
Registrant

Dated: February 12, 1997   By: /s/ JAMES J. PIECZYNSKI

JAMES J. PIECZYNSKI
Senior Vice President and Chief Financial Officer

<TABLE>
<CAPTION>

<S>	<C>	<C>
/s/ ANDRE C. DIMITRIADIS - ------------------------ ANDRE C. DIMITRIADIS	Chairman of the Board, Chief Executive Officer and Director	February 12, 1997
/s/ WILLIAM McBRIDE III - ----------------------- WILLIAM McBRIDE III	President, Chief Operating Officer and Director	February 12, 1997
/s/ NEAL M. ELLIOTT - ------------------- NEAL M. ELLIOTT	Director	February 12, 1997
/s/ EDMUND C. KING - ------------------ EDMUND C. KING	Director	February 12, 1997
/s/ WENDY L. SIMPSON - -------------------- WENDY L. SIMPSON	Director	February 12, 1997
/s/ SAM YELLEN - ------------------- SAM YELLEN	Director	February 12, 1997

</TABLE>

EXHIBIT 10.22

LTC PROPERTIES, INC.

AMENDED AND RESTATED 1992 STOCK OPTION PLAN

1. PURPOSE

This Stock Option Plan (the "Plan") is intended as a performance incentive for officers, employees, consultants and other key persons of LTC Properties, Inc. (the "Company") or its Subsidiaries (as hereinafter defined) to enable the persons to whom options or restricted stock are granted (the "Optionees") to acquire or increase a proprietary interest in the success of the Company. The Company intends that this purpose will be effected by the granting of "incentive stock options" ("Incentive Options") as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and nonqualified stock options ("Nonqualified Options") and restricted stock ("Restricted Stock"). The term "Subsidiaries" includes any corporations in which at the time of the grant of any option hereunder, stock possessing fifty percent or more of the total combined voting power, or fifty percent or more of the value, of all classes of stock is owned directly or indirectly by the Company. For purposes of Section 422 of the Internal Revenue Code only, the portion of the Plan providing for the grant of Restricted Stock is a separate plan.

2. OPTIONS TO BE GRANTED AND ADMINISTRATION

(a) Options granted under the Plan may be either Incentive Options or Nonqualified Options, and shall be designated as such at the time of grant. Each option intended to qualify as an "incentive stock option" under the Code shall be labeled as an "Incentive Stock Option" at the time of grant and, if such option shall fail so to qualify, it shall be deemed to be a Nonqualified Option.

(b) The Plan shall be administered by a committee (the "Option Committee") of not less than two directors of the Company appointed by the Board of Directors of the Company (the "Board of Directors"). None of the members of the Option Committee shall be an officer or other full-time employee of the Company. It is the intention of the Company that each member of the Option Committee shall be a "disinterested person" as that term is defined and interpreted pursuant to Rule 16b-3(c) (2) or any successor rule thereto promulgated under the Securities Exchange Act of 1934, as amended (the "Act"). Action by the Option Committee shall require the affirmative vote of a majority of all its members.

(c) Subject to the terms and conditions of the Plan, the Option Committee shall have the power:

(i) To determine from time to time the options and Restricted Stock to be granted to eligible persons under the Plan and to prescribe the terms and provisions (which need not be identical) of options and Restricted Stock granted under the Plan to such persons;

(ii) To construe and interpret the Plan and grants thereunder and to establish, amend, and revoke rules and regulations for administration of the Plan. In this connection, the Option Committee may correct any defect or supply any omission, or reconcile any inconsistency in the Plan, in any option agreement or restricted stock agreement, or in any related agreements, in the manner and to the extent it shall deem necessary or expedient to make the Plan fully effective. All decisions and determinations by the Option Committee in the exercise of this power shall be final and binding upon the Company and the Optionees; and

(iii) Generally, to exercise such powers and to perform such acts as are deemed necessary or expedient to promote the best interests of the Company with respect to the Plan.

3. STOCK

(a) The stock granted under the Plan, or subject to the options and Restricted Stock granted under the Plan, shall be shares of the Company's authorized but unissued common stock, par value $.01 per share (the "Common Stock"). The total number of shares that may be issued under the Plan shall not exceed an aggregate of 1,400 ,000 shares of Common Stock. Such number shall be subject to adjustment as provided in Section 7 hereof.

(b) Whenever any outstanding option under the Plan expires, is canceled or is otherwise terminated (other than by exercise), or any shares of Restricted Stock are repurchased by the Company pursuant to Section 14(f) or forfeited pursuant to Section 14(e) the shares of Common Stock allocable to the unexercised portion of such option and such shares of Restricted Stock may again be the subject of options or Restricted Stock under the Plan.

(c) The Option Committee also is authorized to grant a new option to an eligible person under the Plan upon the surrender for cancellation of an option previously granted to such person under the Plan. Provided that the provisions of Section 5(a) are satisfied, this new option may have a lower exercise price per share than the option previously granted to such person.

4. ELIGIBILITY

(a) Incentive Options may be granted only to officers or other full-time employees of the Company or its Subsidiaries, including members of the Board of Directors who are also full-time employees of the Company or its Subsidiaries.

Nonqualified Options or Restricted Stock may be granted to directors, officers or other employees of the Company or its Subsidiaries and to consultants and other key persons who provide services to the Company or its Subsidiaries (regardless of whether they are also employees).

(b) No person shall be eligible to receive any Incentive Option under the Plan if, at the date of grant, such person beneficially owns stock representing in excess of ten percent of the voting power of all outstanding capital stock of the Company, unless notwithstanding anything in this Plan to the contrary (i) the purchase price for stock subject to such option is at least 110% of the fair market value of such stock at the time of the grant and (ii) the option by its terms is not exercisable more than 5 years from the date of grant thereof.

(c) Notwithstanding any other provision of the Plan, the aggregate fair market value (determined as of the time the option is granted) of the stock with respect to which Incentive Options are exercisable for the first time by any individual during any calendar year (under all plans of the Company and any parent and Subsidiaries) shall not exceed $100,000.

(d) Each current Director of the Company who is not also a full-time employee of the Company or any of its Subsidiaries shall automatically be granted a Nonqualified Option to purchase 15,000 shares of Common Stock upon the consummation of the initial public offering of securities of the Company that is the subject of a registration statement filed with the Securities and Exchange Commission (the "Public Offering") at a purchase price equal to the per share price for Common Stock in the Public Offering. At the time that any other person who is not also a full-time employee of the Company or any of its Subsidiaries is first elected as a Director of the Company, such person shall automatically be granted a Nonqualified Option to purchase 15,000 shares of Common Stock, at a purchase price per share equal to the fair market value of the Common Stock on the date of such person's election, as determined pursuant to Section 5(d) hereof. Each option granted pursuant to this Section 4(d) shall vest with respect to 5,000 shares on each of the first, second and third anniversary of the grant and shall expire on the earlier of the seventh anniversary of the date of vesting or one year following the Director's ceasing to be a Director for any reason; provided that no option shall vest more than one year following the Director's ceasing to be a Director. The

additional terms and conditions of such options shall be as set forth in the Plan and in the option agreement with each such Director. The provisions of this Section 4(d) shall not be amended more than once every six months, other than to comport with changes in the Code, the Employee Retirement Income Security Act, as amended, or the rules thereunder.

5. TERMS OF THE OPTION AGREEMENTS AND RESTRICTED STOCK AGREEMENTS

Subject to the terms and conditions of the Plan, each option agreement shall contain such provisions as the Option Committee shall from time to time deem appropriate. Option agreements need not be identical, but each option agreement and with respect to subsection (f), each restricted stock agreement, by appropriate language shall include the substance of all of the following provisions:

(a) <u>Expiration; Termination of Employment.</u> Notwithstanding any other provision of the Plan or of any option agreement, each option shall expire on the date specified in the option agreement, which date in the case of any Incentive Option shall not be later than the tenth anniversary of the date on which the option was granted. The option agreement may provide that any outstanding option granted to such Optionee under the Plan shall be exercisable for such period following termination of employment as may be specified in the option agreement, subject to the expiration date of such option.

(b) Minimum Shares Exercisable. The minimum number of shares with respect to which an option may be exercised at any one time shall be one hundred (100) shares, or such lesser number as is subject to exercise under the option at the time.

(c) Exercise. Except as provided in Section 4(d) hereof with respect to options granted pursuant to that Section, each option shall be exercisable in such installments (which need not be equal) and at such times as may be designated by the Option Committee. No option shall first be exercisable, either in whole or in part, until the expiration of six months from the date of grant. To the extent not exercised, installments shall accumulate and be exercisable, in whole or in part, at any time after becoming exercisable, but not later than the date the option expires.

(d) Purchase Price. Except as set forth in Section 4(d) with respect to options granted pursuant to that Section, the purchase price per share of Common Stock subject to each option shall be determined by the Option Committee; provided, however, that the purchase price per share of Common Stock subject to each Incentive Option shall be not less than the fair market value of the Common Stock on the date such Incentive Option is granted. For the purposes of the Plan (including as to options granted pursuant to Section 4(d)), the fair market value of the Common Stock shall be determined in good faith by the Option Committee; provided, however, that if the Common Stock is listed on the New York Stock Exchange ("NYSE") on the date the option is granted, the fair market value shall be the closing price reported for the Common Stock on the NYSE for such date or, if no sales were reported for such date, for the last date preceding such date for which a sale was reported.

(e) Rights of Optionees. No Optionee shall be deemed for any purpose to be the owner of any shares of Common Stock subject to any option unless and until (i) the option shall have been exercised pursuant to the terms thereof, (ii) all requirements under applicable law and regulations shall have been complied with to the satisfaction of the Company, (iii) the Company shall have issued and delivered the shares to the Optionee, and (iv) the Optionee's name shall have been entered as a stockholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such shares of Common Stock.

(f) Transfer. No option or Restricted Stock granted hereunder shall be transferable by the Optionee other than by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, as amended, or the rules thereunder; unless and until such option has been exercised, the shares underlying such options or Restricted Stock have been issued,

and all restrictions applicable to such shares have lapsed or been removed and such option may be exercised during the Optionee's lifetime only by the Optionee, or his or her guardian or legal representative.

6. METHOD OF EXERCISE; PAYMENT OF PURCHASE PRICE

(a) Any option granted under the Plan may be exercised by the Optionee in whole or, subject to Section 5(b) hereof, in part by delivering to the Company on any business day a written notice specifying the number of shares of Common Stock the Optionee then desires to purchase (the "Notice").

(b) Payment for the shares of the Common Stock purchased pursuant to the exercise of an option shall be made either: (i) in cash, or by certified or bank check or other payment acceptable to the Company, equal to the option exercise price for the number of shares specified in the Notice (the "Total Option Price"); (ii) if authorized by the applicable option agreement and if permitted by law, by delivery of shares of Common Stock that the Optionee may freely transfer having a fair market value, determined by reference to the provisions of Section 5(d) hereof, equal to or less than the Total Option Price, plus cash in an amount equal to the excess, if any, of the Total Option Price over the fair market value of such shares of Common Stock; or (iii) by the Optionee delivering the Notice to the Company together with irrevocable instructions to a broker to promptly deliver the Total Option Price to the Company in cash or by other method of payment acceptable to the Company; provided, however, that the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity or other agreements as the Company shall prescribe as a condition of payment under this clause (iii).

(c) The delivery of certificates representing shares of Common Stock to be purchased pursuant to the exercise of an option will be contingent upon the Company's receipt of the Total Option Price and of any written representations from the Optionee required by the Option Committee, and the fulfillment of any other requirements contained in the option agreement or applicable provisions of law.

7. ADJUSTMENT UPON CHANGES IN CAPITALIZATION

(a) If the shares of the Company's Common stock as a whole are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Company, whether through merger, consolidation, reorganization, recapitalization, reclassification, stock dividend, stock split, combination of shares, exchange of shares, change in corporate structure or the like, an appropriate and proportionate adjustment shall be made in the number and kind of shares subject to the Plan, and in the number, kind, and per share exercise price of shares subject to unexercised options or portions thereof granted prior to any such change. In the event of any such adjustment in an outstanding option, the Optionee thereafter shall have the right to purchase the number of shares under such option at the per share price, as so adjusted, which the Optionee could purchase at the total purchase price applicable to the option immediately prior to such adjustment.

(b) Adjustments under this Section 7 shall be determined by the Option Committee and such determinations shall be conclusive. The Option Committee shall have the discretion and power in any such event to determine and to make effective provision for acceleration of the time or times at which any option or portion thereof shall become exercisable and for acceleration of the time or times at which any restrictions on any Restricted Stock shall lapse or be removed. No fractional shares of Common Stock shall be issued under the Plan on account of any adjustment specified above.

8. EFFECT OF CERTAIN TRANSACTIONS

In the case of (i) the dissolution or liquidation of the Company, (ii) a reorganization, merger, consolidation or other business combination in which the Company is acquired by another entity or in which the Company is not the surviving entity, or (iii) the sale of all or substantially all of the assets of the Company to another entity, the Plan and the options issued hereunder shall terminate upon the effectiveness of any such transaction or event, unless provision is made in connection with such transaction for the assumption of options theretofore granted, or the substitution for such options of new options of the successor entity or parent thereof, with appropriate adjustment as to the number and kind of shares and the per share exercise prices, as provided in Section 7. In the event of such termination, all outstanding options shall be exercisable in full for at least fifteen days prior to the date of such termination whether or not otherwise exercisable during such period. In the case of any event described in clause (i), (ii) or (iii) above, in its discretion, and on such terms and conditions as it deems appropriate, the Committee may provide either by the terms of a restricted stock agreement or by a resolution adopted prior to the occurrence of such event that, for a specified period of time prior to such event, the restrictions imposed under a restricted stock agreement or upon some or all shares of Restricted Stock may be terminated, and some or all shares of such Restricted Stock may cease to be subject to repurchase under Section 14(f) or forfeiture under Section 14(e) after such event.

9. TAX WITHHOLDING

(a) Payment by Optionee. Each Optionee shall, no later than the date as of which the value of any option or Restricted Stock granted hereunder or of any Common Stock issued upon the exercise of such option first becomes includable in the gross income of the Optionee for federal income tax purposes (the "Tax Date"), pay to the Company, or make arrangements satisfactory to the Company regarding payment of any federal, state, or local taxes of any kind required by law to be withheld with respect to such income.

(b) Payment in Shares. An Optionee may elect to have such tax withholding obligation satisfied, in whole or in part, by (i) authorizing the Company to withhold from shares of Common Stock to be issued pursuant to an option exercise a number of shares with an aggregate fair market value (determined by the Option Committee in accordance with Section 5(d) as of the date the withholding is effected) that would satisfy the withholding amount due, or (ii) transferring to the Company shares of Common Stock owned by the Optionee with an aggregate fair market value (determined by the Option Committee in accordance with Section 5(d) as of the date the withholding is effected) that would satisfy the withholding amount due. With respect to any Optionee who is subject to Section 16(b) of the Act, the following additional restrictions shall apply:

(A) the election to satisfy tax withholding obligations in the manner permitted by this Section 11(b) shall be made either (1) during the period beginning on the third business day following the date of release of quarterly or annual summary statements of sales and earnings of the Company and ending on the twelfth business day following such date, or (2) at least six months prior to the Tax Date;
(B) such election shall be irrevocable;
(C) such election shall be subject to the consent or disapproval of the Option Committee; and
(D) such election shall not be made within six months of the date of grant of the option or Restricted Stock.

10. AMENDMENT OF THE PLAN

The Board of Directors may discontinue the Plan or amend the Plan at any time, and from time to time, subject to any required regulatory approval and provided that any such amendments that require stockholder approval

under applicable laws and regulations shall also be approved by shareholders of the Company at an annual or special meeting of such shareholders to the extent required by and in accordance with any such laws or regulations. Except as provided in Sections 5, 7, and 8 hereof, rights and obligations under any option or Restricted Stock granted before any amendment of the Plan shall not be altered or impaired by such amendment, except with the consent of the Optionee.

11. NONEXCLUSIVITY OF THE PLAN

Neither the adoption of the plan by the Board of Directors nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board of Directors to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock or stock options otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.   None of the Plan, any option or any Restricted Stock granted hereunder shall be deemed to confer upon any employee or any other individual any right to continued employment or service with the Company or its subsidiaries.

12. GOVERNMENT AND OTHER REGULATIONS; GOVERNING LAW

(a) The obligation of the Company to sell and deliver shares of Common Stock with respect to options and as Restricted Stock granted under the Plan shall be subject to all applicable laws, rules and regulations, including all applicable federal and state securities laws, and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Option Committee.

(b) The Plan shall be governed by Maryland law, except to the extent that such law is preempted by federal law.

13. EFFECTIVE DATE OF PLAN; SHAREHOLDER APPROVAL

The Plan shall become effective upon the date that it is approved by the Board of Directors of the Company; provided, however, that the Plan shall be subject to the approval of the Company's shareholders in accordance with applicable laws and regulations at an annual or special meeting held within twelve months of such effective date or by written consent of all of the shareholders of the Company. No options granted under the Plan prior to such shareholder approval may be exercised until such approval has been obtained. No options may be granted under the Plan after the tenth anniversary of the effective date of the Plan.

14. AWARD OF RESTRICTED STOCK

(a) Award of Restricted Stock

(i) The Option Committee shall from time to time, in its absolute discretion:

a. Select from among the officers, directors, employees, consultants or other key persons (including officers, directors, employees, consultants or other key persons who have previously received other awards under this Plan) such of them as in its opinion should be awarded Restricted Stock; and

b. Determine the purchase price, if any, and other terms and conditions applicable to such Restricted Stock, consistent with this Plan.

(ii) The Option Committee shall establish the purchase price, if any, and form of payment for Restricted Stock. In all cases, legal consideration shall be required for each issuance of Restricted Stock.

(iii) Upon the selection of an officer, director, employee, consultant or other key person to be awarded Restricted Stock, the Option Committee shall instruct the Secretary of the Company to issue such Restricted Stock and may impose such conditions on the issuance of such Restricted Stock as it deems appropriate.

(b) Restricted Stock Agreement. Restricted Stock shall be issued only pursuant to a written restricted stock agreement, which shall be executed by the selected officer, director, employee, consultant or other key person and an authorized officer of the Company and which shall contain such terms and conditions as the Option Committee shall determine, consistent with this Plan.

(c) Consideration. As consideration for the issuance of Restricted Stock, in addition to payment of the purchase price, if any, the Restricted Stockholder shall agree, in the written restricted stock agreement, to remain in the employ of (or to consult for or continue to serve as a key person or to serve as Director of, as applicable) the Company or any Subsidiary for a period of at least one year after the Restricted Stock is issued (or such shorter period as may be fixed in the restricted stock agreement or by action of the Option Committee following grant of the Restricted Stock). Nothing in this Plan or in any restricted stock agreement hereunder shall confer on any Restricted Stockholder any right to continue in the employ of, or as a consultant for or as a key person or director of, the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and any Subsidiary, which are hereby expressly reserved, to discharge any Restricted Stockholder at any time for any reason whatsoever, with or without good cause.

(d) Rights as Stockholders. Upon delivery of the shares of Restricted Stock to the escrow holder pursuant to subsection (g), the Restricted Stockholder shall have, unless otherwise provided by the Option Committee, all the rights of a stockholder with respect to said shares, subject to the restrictions in his restricted stock agreement, including the right to receive all dividends and other distributions paid or made with respect to the shares; provided, however, that in the discretion of the Option Committee, any extraordinary distributions with respect to the Common Stock shall be subject to the restrictions set forth in subsection (e)

(e) Restriction. All shares of Restricted Stock issued under this Plan (including any shares received by holders thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall, in the terms of each individual restricted stock agreement, be subject to such restrictions as the Option Committee shall provide, which restrictions may include, without limitation, restrictions concerning voting rights and transferability and restrictions based on duration of employment with the Company, Company performance and individual performance; provided, however, that by a resolution adopted after the Restricted Stock is issued, the Option Committee may, on such terms and conditions as it may determine to be appropriate, remove any or all of the restrictions imposed by the terms of the restricted stock agreement. Restricted Stock may not be sold or encumbered until all restrictions are removed or lapse. Unless provided otherwise by the Option Committee, if no consideration was paid by the Restricted Stockholder upon issuance, a Restricted Stockholder's rights in unvested Restricted Stock shall lapse upon termination of employment, termination of directorship or termination of service, as applicable, with the Company or a Subsidiary.

(f) Repurchase of Restricted Stock. The Option Committee shall provide in the terms of each individual restricted stock agreement that the Company shall have the right to repurchase from the Restricted Stockholder the Restricted Stock then subject to restrictions under the restricted stock agreement immediately upon the Restricted Stockholder's termination of employment, termination of directorship or termination of service, as applicable, from the Company or a Subsidiary at a cash price per share equal to the price paid by the Restricted Stockholder for such Restricted Stock; _provided, however_, that provision may be made that no such right of repurchase shall exist in the event of a termination of employment, termination of directorship or termination of service without cause, or following a change in control of the Company or because of the Restricted Stockholder's retirement, death or disability, or otherwise.

(g) _Escrow._ The Secretary of the Company or such other escrow holder as the Option Committee may appoint shall retain physical custody of each certificate representing Restricted Stock until all of the restrictions imposed under the restricted stock agreement with respect to the shares evidenced by such certificate lapse or shall have been removed.

(h) _Legend._ In order to enforce the restrictions imposed upon shares of Restricted Stock hereunder, the Option Committee shall cause a legend or legends to be placed on certificates representing all shares of Restricted Stock that are still subject to restrictions under restricted stock agreements, which legend or legends shall make appropriate reference to the conditions imposed thereby.

Effective as of December 2, 1995

/s/ JAMES J. PIECZYNSKI

By: JAMES J. PIECZYNSKI
Secretary

* * *

EXHIBIT 10.23

CONFIRMATION

<TABLE>
<CAPTION>

DATE: November 5, 1996

<S>		<C>
TO:	LTC Properties, Inc.	
	Location :	Oxnard
	Telephone No. :	805 981 8663
	Facsimile No. :	805 981 8663
	Attention :	Andre Dimitriadis

</TABLE>

FROM: Goldman Sachs Capital Markets, L.P.

CC: Goldman Sachs Capital Markets, L.P.
Swap Administration

SUBJECT: Swap Transaction

REF NO: NUUO611100 (600000000)

The purpose of this communication is to set forth the terms and conditions of the above referenced transaction entered into on the Trade Date specified below (the "Transaction") between Goldman Sachs Capital Markets, L.P. ("GSCM"), guaranteed by The Goldman Sachs Group, L.P. ("Goldman Group"), and LTC Properties Inc. ("Counterparty"). This communication constitutes a "Confirmation" as referred to in the Swap Agreement specified below.

1. This Confirmation is subject to, and incorporates, the 1991 ISDA Definitions (the "1991 Definitions"), published by the International Swaps and Derivatives Association, Inc. ("ISDA"). If GSCM and Counterparty are parties to an Interest Rate and Currency Exchange Agreement, ISDA Master Agreement or other form of master agreement that sets forth general terms and conditions applicable to swap transactions between GSCM and Counterparty (the "Swap Agreement"), this Confirmation supplements, forms a part of, and is subject to, the Swap Agreement. If GSCM and Counterparty are not yet parties to the Swap Agreement, this Confirmation shall supplement, form part of, and be subject to, the Swap Agreement upon its execution and delivery by GSCM and Counterparty. Prior to the execution and delivery of such Swap Agreement, this Confirmation alone shall constitute a complete and binding agreement with respect to the Transaction. This Confirmation will be read and construed as one with the executed Swap Agreement and all other outstanding Confirmations between the parties, so that all such Confirmations and the executed Swap Agreement constitute a single agreement between the parties.

If the Swap Agreement has not yet been executed and delivered by GSCM and Counterparty, this Confirmation is also subject to, and incorporates, the definitions contained in Section 14 of the form of ISDA Master Agreement (Multicurrency-Cross Border), but without any Schedule or other modifications thereto (the "ISDA Agreement"), Paragraph (4) of the May 1989 Addendum to Schedule to Interest Rate and Currency Exchange Agreement (the "Cap Addendum") and Paragraph (5) of the July 1990 Addendum to Schedule to Interest Rate and Currency Exchange Agreement (the "Options Addendum"), all as published by ISDA (except that all references to "Swap Transactions" in the 1991 Definitions, the Cap Addendum and the Options Addendum will be deemed to be references to "Transactions").

All provisions contained in, or incorporated by reference to, The Swap Agreement will govern this Confirmation except as expressly modified herein. In the event of any inconsistency between this Confirmation and the 1991 Definitions, the Swap Agreement, the definitions contained in Section 14 of the ISDA Agreement, Paragraph (4)

of the Cap Addendum, or Paragraph (5) of the Options Addendum, as the case may be, this Confirmation will control for the purpose of the Transaction to which this Confirmation relates.

2. Each party will make each payment specified in this Confirmation as being payable by it, not later than the due date for value on that date in the place of the account specified below or otherwise specified in writing, in freely transferable funds and in the manner customary for payments in the required currency. If on any date amounts would otherwise be payable in the same currency by each party to the other in respect of this Transaction, then, on such date each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to

pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

3. The following provisions will govern this Transaction until such time as the Swap Agreement is executed and delivered by GSCM and Counterparty, whereupon they shall be replaced by the terms of the Swap Agreement. If at any time, a party (the "Defaulting Party") or its guarantor, if any, shall (i) fail to make, when due, any payment under this Confirmation if such failure is not remedied within three New York Business Days following written notice of such failure or (ii) become subject to a Bankruptcy (as defined in Section 5(a)(vii) of the ISDA Agreement), then the other party (the "Non-defaulting Party") shall have the right to early terminate and liquidate this Transaction and all other Specified Transactions then outstanding between the parties (the "Terminated Transactions") and determine a net amount due in respect of the Terminated Transactions in accordance with the early termination payment calculation provisions of Section 6(e)(i) of the ISDA Agreement based on a payment measure of Market Quotation and a payment method of the Second Method. The Non-defaulting Party may exercise its right to early terminate and liquidate the Terminated Transactions by written notice to the Defaulting Party, which notice shall set forth the amount of the termination payment determined by the Non-defaulting Party as set forth above. Such termination payment shall be due and payable by no later than 1 New York Business Day following receipt of written notice by the Defaulting Party. The Non-defaulting Party shall have the right to set off the value of any collateral in its possession securing the obligations of the Defaulting Party against amounts owed by the Defaulting Party to it as determined above.

4. The terms of the particular Transaction to which this Confirmation relates are as follows:

<TABLE>
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<S>	<C>
Notional Amount:	USD 40,000,000
Trade Date:	November 5, 1996
Effective Date:	November 7, 1997
Termination Date:	The earlier of (i) November 7, 2007, or (ii) in the event of early termination, the Effective Date of Cancellation as set forth below under "Additional Provisions".

<CAPTION>

Floating Amounts:
- ----------------

Floating Rate Payer:	GSCM
Floating Rate Payer Payment Dates:	Semiannually, on each November 7 and May 7, commencing on May 7, 1998 and ending on the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.

</TABLE>

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<S>	<C>
Floating Rate Option:	USD-LIBOR-BBA
Floating Rate Designated Maturity:	3 months
Floating Rate Spread:	None
Floating Rate Reset Dates:	The first day of each Compounding Period
Floating Rate Day Count Fraction:	Actual/360
Floating Rate Period End Dates:	Adjusted in accordance with the Modified Following Business Day Convention.
Compounding:	Applicable
Compounding Dates:	Quarterly, on the 7th day of each February, May, August and November, subject to adjustment in accordance with the Modified

Following Business Day Convention.

Fixed Amounts:
- -------------

Fixed Rate Payer:	Counterparty
Fixed Rate Payer Payment Dates:	Semiannually, on each November 7 and May 7, commencing on May 7, 1998 and ending on the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.
Fixed Rate:	6.83%
Fixed Rate Day Count Fraction:	30/360
Fixed Rate Period End Dates:	Not adjusted
Business Days:	New York
Calculation Agent:	GSCM, unless otherwise specified in the Swap Agreement.
Governing Law:	New York law, unless otherwise specified in the Swap Agreement.
5. Documentation:	ISDA Master Agreement with GSCM Schedule
6. Additional Provisions:	

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Mandatory Termination in Whole with Cash Settlement:
- ---

This Transaction shall early terminate, cancel and Cash Settle, in whole but not in part, effective on the November 1998 Payment Date (the "Effective Date of Cancellation"). Following any such early termination and cancellation and payment of the Cash Settlement Amount as calculated below, the parties shall be relieved of all

further payment obligations hereunder except for payment of all accrued but yet unpaid amounts calculated to but excluding the Effective Date of Cancellation (unless otherwise included in the Cash Settlement Amount as calculated below).

Cash Settlement Amount:

The Calculation Agent will determine a U.S. Dollar value for the terminated portion of this Transaction (the "Settlement Value") at Counterparty's option in accordance with either (i) or (ii) below:

(i) Such Settlement Value will be mutually agreed upon by the parties on the day that is two (2) Business Days prior to the Effective Date of Cancellation (the "Determination Date").

(ii) Such Settlement Value will be determined based on Market Quotations obtained from at least five (5) Reference Market-makers selected in good faith by the Calculation Agent. Such Reference Market-makers will be polled by the Calculation Agent at approximately 11:00 a.m. (New York time) two (2) Business Days prior to the Effective Date of Cancellation. The Cash Settlement Amount will be the arithmetic mean of such quotations, after discarding the highest and lowest quote; provided, however, that in the event one or more of the highest or lowest quotations is identical, then only one such highest or lowest quote will be discarded. If three Market Quotations or fewer are provided, the Cash Settlement Amount will be the arithmetic mean of the quotations obtained, without discarding the highest and lowest of quote, or the single Market Quotation, as the case may be. Such Reference Market-makers will be polled by the Calculation Agent on the Determination Date. Such Cash Settlement Amount will be payable on the Effective Date of Cancellation.

Market Quotations shall be based on the U.S. Dollar value of this Transaction, calculated as if each of the Reference Market-makers were fulfilling the obligations of the Fixed Rate Payer under this Transaction and the Settlement Amount shall be payable by the Floating Rate Payer to the Fixed Rate Payer only if the Market Quotations obtained in the manner described above result in a positive number. The absolute value of the Settlement Amount shall be payable by the Fixed Rate Payer to the Floating Rate Payer only if the Market Quotations obtained in the manner described above result in a negative number.
<TABLE>

<S>	<C>
7. Credit Support Documents:	Standard Guaranty of The Goldman Sachs Group, L.P.

8. Account Details:

USD Payments to GSCM:	
For the Account of :	Goldman Sachs Capital Markets, L.P.
Name of Bank:	Citibank, N.A. New York
Account No.	40670834
Fed ABA No:	021000089
GSCM Inquiries	James T. Gavin, Vice President Goldman Sachs Capital Markets, L.P. Telephone No.: 212-902-1000 Facsimilie No.: 212-902-0996
Payments to Counterparty:	In accordance with Counterparty's written instructions as set forth below or otherwise delivered to GSCM. GSCM shall make no payments without having received (i) such written instructions and (ii) a fully executed facsimile copy of this Confirmation or other written acceptance of the terms hereof.

</TABLE>

For the Account of:
Name of Bank:
Account No:
Attention:
ABA No.:
SWIFT Code:

9. Offices:

(a) The Office of GSCM for this Transaction is 85 Broad Street, New York, New York 10004.

(b) The Office of the Counterparty for this Transaction is (please provide):
300 Esplanade Drive, Suite # 1860
Oxnard, CA 93030

10. Counterparty hereby agrees (a) to check this Confirmation (Reference No.: NUUO611100 (600000000)) carefully and immediately upon receipt so that errors or discrepancies can be promptly identified and rectified and (b) to confirm that the foregoing correctly sets forth the terms of the agreement between GSCM and Counterparty with respect to the particular Transaction to which this Confirmation relates, by manually signing this Confirmation and providing the other information requested herein and immediately returning an executed copy to Swap Administration, facsimile No. 212-902-5692.

Very truly yours,

GOLDMAN SACHS CAPITAL MARKETS, L.P.

By: Goldman Sachs Capital Markets, Inc.,
General Partner

By: /Marcia J. Riveglia/

Name: Marcia J. Riveglia
Title: Vice President

Agreed and Accepted By:
LTC Properties, Inc.

By: /Christopher T. Ishikawa/
Name: Christopher T. Ishkikawa
Title: Vice President & Treasurer

EXHIBIT 10.24

REVISED CONFIRMATION

DATE: February 11, 1997

TO: LTC Properties, Inc.
Telephone No. : 805 981 8639
Facsimile No. : 805 981 8663
Attention : Chris Ishikawa

FROM: Goldman Sachs Capital Markets, L.P.

CC: Goldman Sachs Capital Markets, L.P.
Swap Administration

SUBJECT: Swap Transaction

REF NO: NUUS509080 (O10000000)

- --

Ladies and Gentlemen:

The purpose of this revised communication is to set forth the terms and conditions of the above referenced transaction entered into on the Trade Date specified below (the "Transaction") between Goldman Sachs Capital Markets, L.P. ("GSCM"), guaranteed by The Goldman Sachs Group, L.P. ("Goldman Group"), and LTC Properties Inc. ("Counterparty"). THIS COMMUNICATION SUPERSEDES AND REPLACES ALL PRIOR COMMUNICATIONS BETWEEN THE PARTIES HERETO WITH RESPECT TO THE TRANSACTION DESCRIBED BELOW. This communication constitutes a "Confirmation" as referred to in the Swap Agreement specified below.

1. This Confirmation is subject to, and incorporates, the 1991 ISDA Definitions (the "1991 Definitions"), published by the International Swaps and Derivatives Association, Inc. ("ISDA"), except that, for purposes of this Confirmation, all references to "Swap Transactions" in the 1991 Definitions will be deemed to be references to "Transactions". This Confirmation supplements, forms a part of, and is subject to the ISDA Master Agreement dated as of May 23, 1995 (the "Swap Agreement") between GSCM and Counterparty. All provisions contained in, or incorporated by reference to, the Swap Agreement shall govern this Confirmation except as expressly modified below. In the event of any inconsistency between this Confirmation, the 1991 Definitions, or the Swap Agreement, as the case may be, this Confirmation will control for purposes of the Transaction to which this Confirmation relates.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

<TABLE>

<S>	<C>
Notional Amount:	USD 60,000,000
Trade Date:	September 6, 1995
Effective Date:	September 30, 1996
Termination Date:	September 30, 2003
Fixed Amounts:	
Fixed Rate Payer:	Counterparty

</TABLE>

<TABLE>

<S>	<C>
Fixed Rate Payer Payment Dates:	Semiannually, on the 30th day of each March and September, commencing on March 30, 1997 and ending on the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.
Fixed Rate for initial Calculation Period:	6.64%
Fixed Rate for all subsequent Calculation Periods:	6.655%

Fixed Rate Day Count Fraction:	30/360
Fixed Rate Period End Dates:	Not adjusted
Floating Amounts:	
Floating Rate Payer:	GSCM
Floating Rate Payer Payment Dates:	Semiannually, on the 30th day of each March and September, commencing March 30, 1997 and ending on the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention
Floating Rate Option:	USD-LIBOR-BBA
Floating Rate Designated Maturity:	6 months
Floating Rate Spread:	None
Floating Rate Reset Dates:	The first day of each Calculation Period
Floating Rate Day Count Fraction:	Actual/360
Floating Rate Period End Dates:	Adjusted in accordance with the Modified Following Business Day Convention.
Business Days:	New York
Calculation Agent:	GSCM
Governing Law:	New York law, unless otherwise specified in the Swap Agreement.
3. Additional Provisions:	

</TABLE>

Mandatory Termination in Whole with Cash Settlement:

This Transaction shall early terminate, cancel and Cash Settle, in whole but not in part, effective on the November 17, 1997 (the "Effective Date of Cancellation"). Following any such early termination and cancellation and payment of the Cash Settlement Amount as calculated below, the parties shall be relieved of all

further payment obligations hereunder except for payment of all accrued but yet unpaid amounts calculated to but excluding the Effective Date of Cancellation (unless otherwise included in the Cash Settlement Amount as calculated below).

Cash Settlement Amount:

The Calculation Agent will determine a U.S. Dollar value for the terminated portion of this Transaction (the "Settlement Value") at Counterparty's option in accordance with either (i) or (ii) below:

(i) Such Settlement Value will be mutually agreed upon by the parties on the day that is two (2) Business Days prior to the Effective Date of Cancellation (the "Determination Date").

(ii) Such Settlement Value will be determined based on Market Quotations obtained from at least five (5) Reference Market-makers selected in good faith by the Calculation Agent. Such Reference Market-makers will be polled by the Calculation Agent at approximately 11:00 a.m. (New York time) two (2) Business Days prior to the Effective Date of Cancellation. The Cash Settlement Amount will be the arithmetic mean of such quotations, after discarding the highest and lowest quote; provided, however, that in the event one or more of the highest or lowest quotations is identical, then only one such highest or lowest quote will be discarded. If three Market Quotations or fewer are provided, the Cash Settlement Amount will be the arithmetic mean of the quotations obtained, without discarding the highest and lowest of quote, or the single Market Quotation, as the case may be. Such Reference Market-makers will be polled by the Calculation Agent on the Determination Date. Such Cash Settlement Amount will be payable on the Effective Date of Cancellation.

Market Quotations shall be based on the U.S. Dollar value of this

Transaction, calculated as if each of the Reference Market-makers were fulfilling the obligations of the Fixed Rate Payer under this Transaction and the Settlement Amount shall be payable by the Floating Rate Payer to the Fixed Rate Payer only if the Market Quotations obtained in the manner described above result in a positive number. The absolute value of the Settlement Amount shall be payable by the Fixed Rate Payer to the Floating Rate Payer only if the Market Quotations obtained in the manner described above result in a negative number.

4. Credit Support Documents:
   (a) Standard Guaranty of The Goldman Sachs Group, L.P.

5. Account Details:

Payments to GSCM:	
For the Account of:	Goldman Sachs Capital Markets, L.P.
Account No.	4067-0834
Name of Bank:	Citibank, N.A., N.Y.
Fed. ABA No.:	0210-0008-9
GSCM Inquiries:	James T. Gavin, Vice President Goldman Sachs Capital Markets, L.P. Telephone No.: 212-902-1000 Facsimile No.: 212-902-0996
Payments to Counterparty:	In accordance with Counterparty's written instructions as set forth below or otherwise delivered to GSCM. GSCM shall make no payments without having received (i) such written instructions and (ii) a fully executed facsimile copy of this Confirmation or other written acceptance of the terms hereof.

For the Account of:
Name of Bank:
Account No.:
Attention:
ABA No.:

6. Offices:

   (a) The Office of GSCM for this Transaction is 85 Broad Street, New York, New York 10004.

   (b) The Office of the Counterparty for this Transaction is (please provide):
   300 Esplanade Drive, Suite # 1860
   Oxnard, CA 93030

7. Counterparty hereby agrees (a) to check this revised Confirmation (Reference No.: NUUS509080 (010000000)) carefully and immediately upon receipt so that errors or discrepancies can be promptly identified and rectified and (b) to confirm that the foregoing correctly sets forth the terms of the agreement between GSCM and Counterparty with respect to the particular Transaction to which this Confirmation relates, by manually signing this Confirmation and providing the other information requested herein and immediately returning an executed copy to Swap Administration, Goldman Sachs Capital Markets, L.P., facsimile No. 212-902-5692.

Very truly yours,

GOLDMAN SACHS CAPITAL MARKETS, L.P.

By: Goldman Sachs Capital Markets, Inc.,
General Partner

By: /s/ Marcia J. Riveglia

Name: Marcia J. Riveglia
Title: Vice President

Agreed and Accepted By:
LTC Properties, Inc.

By: /s/ Christopher T. Ishikawa

Name: Christopher T. Ishkikawa
Title: Vice President & Treasurer

LTC PROPERTIES, INC.

EXHIBIT 11.1
COMPUTATION OF NET INCOME PER SHARE
(Unaudited)
(In thousands, except per share amounts)

<TABLE>
<CAPTION>

	Twelve months ended December 31, 1996	1995	1994
<S>	<C>	<C>	<C>
Primary:			
Net income applicable to common shares	$22,537	$20,040	$15,338
Applicable common shares:			
Weighted average outstanding shares during the period	18,823	18,030	15,241
Weighted average shares issuable upon exercise of common stock equivalents outstanding (principally stock options using the treasury stock method)	434	227	202
Less contingent shares	-	-	-
Total	19,257	18,257	15,443
Net income per share of common stock	$ 1.17	$ 1.10	$ 0.99
Fully diluted:			
Net income	$22,537	$20,040	$15,338
Add back minority interest	-(a)	57	n/a
Reduction of interest and amortization expenses resulting from assumed conversion of 9.75% convertible subordinated debentures	145	1,239	-(a)
Reduction of interest and amortization expenses resulting from assumed conversion of 8.5% convertible subordinated debentures	-(a)	-(a)	-
Reduction of interest and amortization expenses resulting from assumed conversion of 8.25% convertible subordinated debentures	-(a)	-(a)	n/a
Reduction of interest and amortization expense resulting from assumed conversion of 7.75% convertible subordinated debentures	-(a)	n/a	n/a
Less applicable income taxes	-		-
Adjusted net income applicable to common shares	$22,682	$21,336	$15,338
Applicable common shares:			
Weighted average outstanding shares during the period	18,823	18,030	15,241
Weighted average shares sizable upon exercise of common stock equivalents outstanding (principally stock options using the treasury stock method)	499	250	216
Assumed conversion of 9.75% convertible subordinated debentures	145	1,225	-(a)
Assumed conversion of 8.5% convertible subordinated debentures	-(a)	-(a)	-(a)
Assumed conversion of 8.25% convertible subordinated debentures	-(a)	-(a)	n/a
Assumed conversion of 7.75% convertible subordinated debentures	-(a)	n/a	n/a
Less contingent shares	-	-	-
Total	19,467	19,505	15,457
Net income per share of common stock	$ 1.17	$ 1.09	$ 0.99

</TABLE>

(a) Conversion would be anti-dilutive and is therefore not assumed in the computation of fully diluted net income per share of common stock.

LTC PROPERTIES, INC.

EXHIBIT 21.1

LIST OF SUBSIDIARIES

COMPANY	STATE OF INCORPORATION
LTC REMIC Corporation	Delaware
LTC GP I, Inc.	Delaware
LTC GP II, Inc.	Delaware
LTC GP III, Inc.	Delaware
LTC GP IV, Inc.	Delaware
Coronado Corporation	Delaware
LTC Partners I, L.P.	Delaware
LTC Partners II, L.P.	Delaware
LTC Partners III, L.P.	Delaware
LTC Partners IV, L.P.	Delaware
LTC Partners V, L.P.	Delaware
LTC Partners VI, L.P.	Delaware
LTC Partners VII, L.P.	Delaware
L-Tex GP, Inc.	Delaware
L-Tex LP Corporation	Delaware
Texas-LTC Limited Partnership	Texas
Missouri River Corporation	Delaware
Park Villa Corporation	Delaware
Kansas-LTC Corporation	Delaware

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 333-2444) and in the Registration Statement (Form S-8 No. 33-85252) of LTC Properties, Inc. of our report dated January 13, 1997, except Note 10, as to which the date is February 1, 1997, with respect to the consolidated financial statements and schedules of LTC Properties, Inc. included in its Annual Report (Form 10-K) for the year ended December 31, 1996.

/s/ ERNST & YOUNG LLP

Los Angeles, California
February 11, 1997

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