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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20459

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2001

or

/ / **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______ to _______

Commission file number 1-11314

LTC PROPERTIES, INC.

(Exact name of Registrant as specified in its charter)

Maryland	**71-0720518**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

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

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

Indicate by check mark whether Registrant (1) has filed all reports 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 Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /x/ No / /

Shares of Registrant's common stock, $.01 par value, outstanding at April 30, 2001 - 25,513,414

LTC PROPERTIES, INC.

FORM 10-Q

March 31, 2001

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LTC PROPERTIES, INC.
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except per share amounts)

	March 31, 2001	December 31, 2000
	(Unaudited)	
ASSETS		
Real Estate Investments:		
Buildings and improvements, net of accumulated depreciation and amortization: 2001 — $49,860; 2000 — $47,181	$ 378,894	$ 397,833
Land	22,326	23,484
Mortgage loans receivable, net of allowance for doubtful accounts: 2001 — $1,250; 2000 — $1,250	105,811	106,149
REMIC Certificates	93,897	94,962
Real estate investments, net	600,928	622,428
Other Assets:		
Cash and cash equivalents	2,420	1,870
Debt issue costs, net	3,400	3,396
Interest receivable	4,625	4,558
Prepaid expenses and other assets	16,091	11,878
Marketable debt securities	14,873	15,873
Due from LTC Healthcare, Inc. under line of credit	17,519	16,582
	58,928	54,157
Total Assets	$ 659,856	$ 676,585
LIABILITIES AND STOCKHOLDERS' EQUITY		
Convertible subordinated debentures	$ 12,518	$ 24,642
Bank borrowings	115,000	118,000
Mortgage loans and notes payable	103,059	103,341
Bonds payable and capital lease obligations	16,218	16,577
Accrued interest	1,995	2,260
Accrued expenses and other liabilities	6,180	6,741
Distributions payable	985	985
Total Liabilities	255,955	272,546
Minority interest	9,595	9,912
Stockholders' equity:		
Preferred stock $0.01 par value: 10,000 shares authorized; shares issued and outstanding: 2001—7,080; 2000—7,080	165,500	165,500
Common stock: $0.01 par value; 40,000 shares authorized; shares issued and outstanding: 2001—26,031; 2000—26,031	260	260
Capital in excess of par value	296,592	296,568
Cumulative net income	225,800	221,734
Notes receivable from stockholders	(10,225)	(10,126)
Accumulated comprehensive income	(1,786)	(1,746)
Cumulative distributions	(281,835)	(278,063)
Total Stockholders' Equity	394,306	394,127
Total Liabilities and Stockholders' Equity	$ 659,856	$ 676,585

See accompanying notes.

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

	Three Months Ended March 31, 2001	Three Months Ended March 31, 2000
Revenues:		
Rental income	$ 10,174	$ 12,982
Interest income from mortgage loans and notes receivable	3,434	3,849
Interest income from REMIC Certificates	4,026	4,294

Interest and other income	644	1,381
Total revenues	18,278	22,506
Expenses:		
Interest expense	6,054	6,521
Depreciation and amortization	3,739	3,848
Minority interest	235	235
Impairment charge	4,500	—
Operating and other expenses	1,628	1,227
Total expenses	16,156	11,831
Operating income	2,122	10,675
Gain on sale of assets, net	1,944	—
Net income	4,066	10,675
Preferred dividends	(3,772)	(3,772)
Net income available to common stockholders	$ 294	$ 6,903
Net Income per Common Share:		
Basic	$ 0.01	$ 0.26
Diluted	$ 0.01	$ 0.26
Comprehensive Income:		
Net income	$ 294	$ 6,903
Unrealized gain (loss) on available for sale securities	(406)	49
Reclassification adjustment	336	—
Total comprehensive income	$ 224	$ 6,952

See accompanying notes.

LTC PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2001	2000
OPERATING ACTIVITIES:		
Net income	$ 4,066	$ 10,675
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,739	3,848
Impairment charge	4,500	—
Other non-cash charges	883	443
Loss on the sale of other assets	386	—
Gain on sale of real estate investments, net	(2,330)	—
Decrease in accrued interest	(265)	(403)
Net change in other assets and liabilities	(2,701)	(3,177)
Net cash provided by operating activities	8,278	11,386
INVESTING ACTIVITIES:		
Investment in real estate properties and capital improvements, net	(146)	(1,602)
Proceeds from sale of real estate properties and other assets, net	12,500	—
Principal payments on mortgage loans receivable	338	5,898
Advances under line of credit to LTC Healthcare, Inc.	(1,650)	(11,206)
Other	795	1,982
Net cash provided by (used in) investing activities	11,837	(4,928)
FINANCING ACTIVITIES:		
Borrowings under the line of credit	12,000	17,000

Repayments of bank borrowings under line of credit	(15,000)	(4,000)
Principal payments on mortgage loans payable and capital lease obligations	(641)	(529)
Redemption of convertible subordinated debentures	(11,849)	—
Repurchase of common stock	—	(7,969)
Distributions paid	(3,772)	(11,353)
Other	(303)	60
Net cash used in financing activities	(19,565)	(6,791)
Increase (decrease) in cash and cash equivalents	550	(333)
Cash and cash equivalents, beginning of period	1,870	2,655
Cash and cash equivalents, end of period	$ 2,420	$ 2,322
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 6,095	$ 6,634
Non-cash investing and financing transactions:		
Conversion of mortgage loans into owned properties	$ 611	$ 350
Increase in short term notes receivable related to the disposition of real estate assets	$ 5,183	$ —

See accompanying notes.

LTC PROPERTIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. General

LTC Properties, Inc. (the "Company"), a Maryland corporation, is a real estate investment trust ("REIT") that invests primarily in long term care facilities through mortgage loans, facility lease transactions and other investments.

The consolidated financial statements included herein have been prepared by the Company without audit and in the opinion of management include all adjustments necessary for a fair presentation of the results of operations for the three months ended March 31, 2001 and 2000 pursuant to the rules and regulations of the Securities and Exchange Commission. The accompanying consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and controlled partnerships. All significant intercompany accounts and transactions have been eliminated in consolidation. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations; however, the Company believes that the disclosures in the accompanying financial statements are adequate to make the information presented not misleading. The results of operations for the three months ended March 31, 2001 and 2000 are not necessarily indicative of the results for a full year.

No provision has been made for federal or state income taxes. The Company qualifies as a real estate investment trust ("REIT") under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended. As such, the Company is not taxed on its income that is distributed to its stockholders.

2. Real Estate Investments

Owned Properties. During the first three months of 2001 the Company sold the remaining three schools previously operated by a company that filed for bankruptcy protection in October 2000. These three sales generated approximately $17,271,000 of net proceeds including $5,133,000 in notes. The Company recognized a net gain of approximately $2,592,000 from these sales in the first quarter of 2001. Additionally during the first three months of 2001, the Company sold a previously impaired, closed skilled nursing facility for approximately $375,000 and recognized a net loss of approximately $188,000.

Mortgage Loans. At March 31, 2001 the Company had 48 mortgage loans secured by first mortgages on 45 skilled nursing facilities with a total of 5,160 beds and 8 assisted living residences with a total of 369 units located in 22 states. At March 31, 2001, the mortgage loans had interest rates ranging from 9.1% to 13.6% and maturities ranging from 2001 to 2018. In addition, the loans contain certain guarantees, provide for certain facility fees and generally have 25-year amortization schedules. The majority of the mortgage loans provide for annual increases in the interest rate based upon a specified increase of 10 to 25 basis points.

REMIC Certificates. As of March 31, 2001 the outstanding certificate principal balance and the weighted average pass-through rate for the senior REMIC certificates (all held by outside third parties) was $263,913,000 and 7.19%. As of March 31, 2001, the carrying value of the subordinated REMIC certificates held by the Company was $93,897,000. The effective yield on the subordinated REMIC certificates held by the Company, based on expected future cash flows discounted to give effect to potential risks associated with prepayments and unanticipated credit losses was 16.92% at March 31, 2001.

Interest only certificates and certificates with an investment rating of "BB" or higher are classified as available-for-sale and unrated certificates and certificates with an investment rating of "B" or lower are classified as held-to-maturity. As of March 31, 2001, available-for-sale certificates were recorded at their fair value of approximately $41,139,000. Unrealized holding losses on available-for-sale certificates of $406,000 were included in comprehensive income for the three months ended March 31, 2001 compared to unrealized holding gains of $274,000 for the same period in 2000. At March 31, 2001 held-to-maturity certificates had a book value of $52,758,000 and a fair value of $32,720,000. As of March 31, 2001, the effective yield on the available-for-sale certificates and the held-to-maturity certificates, based on expected future cash flows discounted to give effect to potential risks associated with prepayments and unanticipated credit losses, was 22.8% and 11.9%, respectively.

3. Impairment Charge

During the three months ended March 31, 2001 the Company recorded an impairment charge of approximately $4,500,000. The impairment charge included the write-down of the carrying value to the estimated net realizable value of one owned skilled nursing facility of $2,000,000, notes receivable of $1,500,000 and $1,000,000 in the book value of the Company's investment in the convertible subordinated debentures of Assisted Living Concepts, Inc. ("ALC").

On March 22, 2001, ALC announced it had engaged Jeffries & Company, Inc. as a financial advisor to explore restructuring ALC's obligations to both its convertible subordinated debenture holders and lessors of certain under-performing leases. The Company has joined a Bondholders Committee formed to discuss with ALC and ALC's financial advisors their proposals regarding ALC's convertible subordinated debentures.

At March 31, 2001, the Company owned $4,195,000 face amount of ALC 5.625% convertible subordinated debentures due May 2003 and $15,645,000 face amount of ALC 6.0% convertible subordinated debentures due November 2002 at an aggregate purchase price of $13,097,000. The Company accounts for its investment in these debentures as held-to-maturity securities. Beginning in the first quarter of 2001, the Company ceased recording accretion of the discount related to its investment in the ALC debentures and ceased accruing for interest due on these debentures. As of March 31, 2001, ALC was current on payment to the Company of interest on the debentures. However, on April 26, 2001, ALC announced that it plans to defer, for 30 days, approximately $4,700,000 of interest payments on the debentures that are due May 1, 2001. If ALC does not make these payments by May 31, 2001, the bond holders have the right to declare a default and accelerate the full repayment of the debentures.

The Company believes that the ALC convertible subordinated debentures it owns have been impaired. As of March 31, 2001, the Company recorded a $1,000,000 impairment charge to reduce the carrying value of these debentures to $14,873,000. At this time, the Company has not received a proposal from ALC regarding these debentures but believes the offer will include another form of debt security and equity in ALC. It is possible that ultimately the value received from these debentures will be less than $14,873,000 but at this time the Company has recorded an impairment charge based on information currently available.

Additionally, at March 31, 2001, ALC leased 37 of the Company's assisted living facilities. The Company's gross investment in these facilities is approximately $88,105,000 before $7,265,000 of recourse debt. The portfolio has an overall occupancy rate of 88.0% and annualized rent coverage of 1.18 before management fees. The Company has been contacted by ALC regarding a request to consider taking back several facilities, reducing the rents of certain facilities or a combination of these

options without any specific quantifiable request. As of April 2001, ALC was current on all rents due to the Company.

At this time, the Company has not determined that any of the 37 facilities leased to ALC would require an impairment charge based on improving overall occupancy rates and rent coverage of the facilities as they are operated by ALC. However, the Company cannot predict what, if any, impairment charge may be needed in the future as discussions continue with ALC.

4. Related Party Transactions

As of March 31, 2001, 30 real estate properties with a gross carrying value of $71,467,000 or 8.7% of the Company's gross and net real estate investment portfolio (adjusted to include mortgage loans underlying the REMIC Certificates) were operated by LTC Healthcare, Inc. ("Healthcare"). During the three months ended March 31, 2001 and 2000, the Company was due rental income of approximately $851,000 and $2,042,000, respectively, from Healthcare. For the year ended December 31, 2000, Healthcare reported a net loss of $7,474,000 after including a gain on sale of real estate properties of $10,487,000 and a total stockholders' deficit of $4,541,000. For the three months ended March 31, 2001, the Company has classified the rents due from Healthcare as non-accrual rents but has not forgiven any current or prior rents due. These properties are leased in general, on a short-term basis ending June 30, 2001, at which time all leases will be reevaluated by the Company and Healthcare. Annual rental from Healthcare under these leases, as currently structured, is approximately $3,405,000.

During the three months ended March 31, 2001, the Company sold all 180,000 shares of Healthcare common stock it owned at December 31, 2000. The shares were sold to Healthcare for $225,000, not including selling commissions, which was the fair market value as of the date of sale. The Company recognized a loss of $386,000 on the sale of these shares. The Company sold these shares because the recently enacted Tax Relief Extension Act of 1999 ("Act") provides that, subject to certain exceptions for taxable years commencing after December 31, 2000, a REIT may not own more than 10 percent of the total value of the securities of any corporation. Without qualifying as safe harbor debt, securities under the Act include the line of credit provided by the Company to Healthcare. In order to qualify as safe harbor debt and retain its REIT status, the Company was required to hold only such debt or the shares. At March 31, 2000, the Company held 239,900 shares of Healthcare common stock that was recorded at its fair value of approximately $255,000. For the three months ended March 31, 2000, an unrealized holding loss of $225,000 with respect to the Healthcare shares was included in comprehensive income.

The Company has provided Healthcare with a $20,000,000 unsecured line of credit that bears interest at 10% and matures in March 2008. As of March 31, 2001 and December 31, 2000, $17,519,000 and $16,582,000, respectively, was outstanding under the line of credit. Under the terms of the Secured Revolving Credit, the Company is permitted to loan Healthcare up to $25,000,000. The Company and Healthcare have not increased the $20,000,000 unsecured line of credit between the companies. Should any such amendment be proposed, it would need approval of the independent Board members of each company's board. During the three months ended March 31, 2001 and 2000, the Company recorded interest income of $437,000 and $293,000, respectively, on the average outstanding principal balance under the line of credit.

During the three months ended March 31, 2000, Healthcare reimbursed the Company $175,000 for administrative and management advisory services as provided for under the administrative services agreement that was terminated in the second quarter of 2000 with an effective date of January 1, 2000. The affect of terminating the administrative services agreement effective January 1, 2000 was reflected in the June 30, 2000 financial statements.

5. Debt Obligations

As of March 31, 2001, $115,000,000 was outstanding under the Company's Secured Revolving Line of Credit (the "Secured Revolving Credit"). During the three months ended March 31, 2001, pricing under the Revolving Credit Facility was LIBOR plus a range of 2.25% to 2.50%. At March 31, 2001, the Company's interest rate was 7.45%.

The Company and its lenders entered into the First Amendment of the Secured Revolving Credit dated as of March 23, 2001. This amendment primarily documents the Company's voluntary request to reduce the lenders' commitments from $171,676,000 at the time of the amendment to $140,000,000 and exempts the next $43,345,000 of Net Cash Proceeds, as defined in the Secured Revolving Credit, from being applied to reduce commitments. Subsequent to this amendment, as of April 4, 2001, the Company voluntarily reduced commitments an additional $5,000,000 to $135,000,000.

At maturity, January 2, 2001, the Company redeemed $11,849,000 of convertible subordinated debentures.

6. Stockholders' Equity

During the three months ended March 31, 2001 the Company granted 5,000 stock options at an exercise price of $5.75 and 10,000 stock options at an exercise price of $7.25. The options vest over five years and expire the earlier of seven years from the date of vesting and ten years from the date of grant.

During the three months ended March 31, 2001, the Company declared and paid cash dividends on its Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock totaling $1,829,000, $1,125,000 and $818,000, respectively.

On March 10, 2001, the Company announced that in light of the current uncertainties in the long-term care industry as well as the requirements of its revolving loan agreement, it would postpone any decision on the common dividend until year end. There can be no assurance that the Company will declare or pay a common dividend for 2001.

7. Major Operators

As of March 31, 2001, Sun Healthcare Group, Inc. ("Sun") operated 33 facilities with 3,737 beds/units representing 11.8%, or $97,749,000, of the Company's adjusted gross real estate investment portfolio (adjusted to include the mortgage loans to third parties underlying the investment in REMIC Certificates). During 1999, Sun filed for reorganization under Chapter 11 of the Bankruptcy Code. The facilities operated by Sun at March 31, 2001 consisted of approximately $59,165,000 of direct investments to Sun and approximately $38,584,000 of investments in facilities owned by independent parties that lease the property to Sun or contract with Sun to manage the property. Sun is current with all rent payments due the Company. Sun is currently operating its business as a debtor-in-possession subject to the jurisdiction of the Bankruptcy Court.

As of March 31, 2001, ALC operated 37 assisted living facilities with 1,434 units representing 10.7% of the Company's adjusted gross real estate investment portfolio. See Note 3 —Impairment Charge.

As of March 31, 2001, Alterra Healthcare Corporation ("Alterra") operated 35 assisted living facilities with 1,416 units representing 10.2%, or $84,211,000 of the Company's adjusted gross real estate investment portfolio. On February 26, 2001, Alterra announced it had commenced discussions with its principal lenders and lessors regarding the restructuring of its debt and lease obligations. The Company has had preliminary discussions with Alterra's management regarding the 35 facilities leased

to Alterra. The Company had granted no concessions relating to these leases and as of April 2001 and Alterra is current with all rent payments due to the Company. At this time, the Company has not determined that any of the 35 facilities leased to Alterra require an impairment charge based on overall occupancy rates and rent coverage. However, the Company cannot predict what, if any, impairment charge may be required in the future as discussions continue with Alterra and Alterra proceeds with the restructuring of its debt and lease obligations.

As of March 31, 2001, Regent Assisted Living, Inc. ("Regent") operated 5 assisted living facilities with 471 units representing 4.3%, or $35,746,000 of the Company's adjusted gross real estate investment portfolio. Regent leases three additional assisted living facilities from the Company which are subleased to another operator. The Company's gross investment in these facilities was $12,809,000 at March 31, 2001. The Regent portfolio, including the three subleased facilities, had an overall occupancy of 81.7% and annualized rent coverage of 1.14 before management fees. On March 19, 2001, Regent announced that it had asked three real estate investment trusts to negotiate new terms underlying leases. The Company has agreed with Regent to forbear rent on three facilities until May 1, 2001 and May and June rent on four facilities until July 1, 2001 and August 1, 2001, respectively. As of April 30, 2001, Regent paid the Company the full amount due for the first forbearance. At this time, the Company has not determined that any of the 8 facilities leased to Regent require an impairment charge based on overall occupancy rates and rent coverage. However, the Company cannot predict what, if any, impairment charge may be required in the future as Regent proceeds with the restructuring of its lease obligations.

ALC, Alterra, Sun and Regent are publicly traded companies, and as such are subject to the filing requirements of the Securities and Exchange Commission. The Company's financial position and its ability to make distributions may be adversely affected by financial difficulties experienced by ALC, Alterra, Sun, Regent, or any of its other major operators, including bankruptcy, insolvency or general downturn in business of any such operator, or in the event any such operator does not renew and/or extend its relationship with the Company or the Company's borrowers when it expires.

8. Earnings per Share

The following table sets forth the computation of basic and diluted net income per share (in thousands, except per share amounts):

	Three Months Ended March 31, 2001	Three Months Ended March 31, 2000
Net income	$ 4,066	$ 10,675
Preferred dividends	(3,772)	(3,772)
Net income for basic net income per share	294	6,903
Effect of dilutive securities:		
8.25% convertible debentures due 2001	—	—
8.50% convertible debentures due 2001	—	—
7.75% convertible debentures due 2002	—	—
Other dilutive securities	—	—
Net income for diluted net income per share	$ 294	$ 6,903
Shares for basic net income per share	26,031	26,303
Effect of dilutive securities:		
Stock options	—	—
8.25% convertible debentures due 2001	—	—

8.50% convertible debentures due 2001		—		—
7.75% convertible debentures due 2002		—		—
Other dilutive securities		—		—
Shares for diluted net income per share		26,031		26,303
Basic net income per share	$	0.01	$	0.26
Diluted net income per share	$	0.01	$	0.26

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Operating Results

Three months ended March 31, 2001 compared to three months ended March 31, 2000

Revenues for the three months ended March 31, 2001 decreased to $18.3 million from $22.5 million for the same period in 2000. Rental income for the three months ended March 31, 2001 decreased $2.8 million compared to the same period of 2000 primarily as a result of the elimination of rents from sold properties and the effect of not accruing rental income on properties leased to Healthcare as discussed in Note 4—Related Party Transactions, partially offset by the conversion of mortgage loans into owned properties during 2000 and rental increases as provided for in the lease agreements. Same store rental income, properties owned for the three months ended March 31, 2001 and the three months ended March 31, 2000, decreased $1.6 million due to the effect of not accruing rental income on properties leased to Healthcare, partially offset by rental increases as provided for in the lease agreements. Interest income from mortgage loans and notes receivable decreased $0.4 million primarily as a result of the early payoff of four mortgage loans and the conversion of mortgage loans to owned properties during 2000. Interest income from REMIC Certificates for the three months ended March 31, 2001 decreased $0.3 million compared to the same period of 2000 due to the amortization of the related asset. Interest and other income for the three months ended March 31, 2001 decreased $0.7 million as compared to the same period in 2000 due to the non-accrual of interest receivable on the Company's investment in $19.8 million of convertible subordinated debentures of ALC, and the effect of not accreting the discount related to that investment during the first quarter of 2001 as discussed in Note 3—Impairment Charge.

Interest expense decreased by $0.5 million to $6.1 million for the three months ended March 31, 2001 from $6.5 million during the same period in 2000, due to lower debt outstanding along with a decrease in interest rates. Depreciation and amortization decreased $0.1 million due to the sale of properties partially offset by the conversion of mortgage loans into owned properties during 2000. The Company recorded a $4.5 million impairment charge during the first quarter of 2001. The impairment charge included a $2.0 million write down of the carrying value to the estimated net realizable value of one owned skilled nursing facility, a $1.5 million write down of a note receivable and a $1.0 million write down in the book value of the Company's investment in the convertible subordinated debentures of ALC (See Note 3—Impairment Charge). General and administrative expenses increased $0.4 million in the first quarter of 2001 due to the cancellation of the administrative services agreement with Healthcare at the end of the second quarter of 2000, and a one-time legal expense reimbursement received in the first quarter of 2000.

During the three months ended March 31, 2001, the Company sold three schools and a previously impaired skilled nursing facility. In addition, the Company sold its investment in the common stock of Healthcare and funded the operating losses of two skilled nursing facilities currently being closed. The net gain of these transactions was $1.9 million.

Net income available to common stockholders decreased to $0.3 million for the three months ended March 31, 2001 from $6.9 million for the same period in 2000, due largely to the impairment charge discussed above.

Liquidity and Capital Resources

At March 31, 2001 the Company's real estate investment portfolio (before accumulated depreciation and amortization) consisted of $451.1 million invested primarily in owned long-term care facilities, mortgage loans of approximately $105.8 million and subordinated REMIC certificates of approximately $93.9 million with a weighted average effective yield of 16.92%. At March 31, 2001 the

outstanding certificate principal balance and the weighted average pass-through rate for the senior REMIC certificates (all held by outside third parties) was $263.9 million and 7.19%. The Company's portfolio consists of investments in 248 skilled nursing facilities, 94 assisted living facilities and one school in 35 states.

For the three months ended March 31, 2001, the Company had net cash provided by operating activities of $8.3 million. The Company sold one skilled nursing facility, three schools and 180,000 shares of Healthcare common stock, (See Note 4—Related Party Transactions), for net cash proceeds of $12.5 million. Additionally, the Company received $5.1 million in notes from the sale of two of the schools. These notes are secured by the property sold and carry an interest rate of 10%. Approximately $1.6 million of the notes is due in 2002 and $3.5 million is due in 2004. The Company provided Healthcare with an additional $1.7 million in borrowings under the $20.0 million unsecured line of credit that bears interest at 10% and matures in March 2008.

During the three months ended March 31, 2001, the Company had additional bank borrowings of $12.0 million and repaid $15.0 million. During the same period, the Company redeemed $11.8 million of convertible subordinated debentures. During the three months ended March 31, 2001, the Company declared and paid cash dividends on its Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock totaling $1.9 million, $1.1 million, and $0.8 million, respectively.

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, REMIC Certificates 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 facilities, assisted living facilities and the school owned by or pledged to the Company. The operating results of the facilities will be impacted by 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 facilities, assisted living facilities and schools. In addition, the Company will monitor its borrowers and the underlying collateral for mortgage loans and will make future revisions to the provision, if considered necessary.

The Company's investments, principally its investments in mortgage loans, REMIC Certificates, 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 made loans that have predetermined increases in interest rates and leases that have agreed upon annual increases. In as much as the Company initially funded its investments with its Secured Revolving Credit, the Company is at risk of net interest margin deterioration if medium and long-term rates were to increase.

The REMIC certificates retained by the Company are subordinate in rank and right of payment to the certificates sold to third-party investors and as such would, in most cases, bear the first risk of loss in the event of impairment to any of the underlying mortgages. The returns on the Company's investment in REMIC certificates are subject to certain uncertainties and contingencies including, without limitation, the level of prepayments, estimated future credit losses, prevailing interest rates, and the timing and magnitude of credit losses on the underlying mortgages collateralizing the securities that are a result of the general condition of the real estate market or long-term care industry. As these

uncertainties and contingencies are difficult to predict and are subject to future events that may alter management's estimations and assumptions, no assurance can be given that current yields will not vary significantly in future periods. To minimize the impact of prepayments, the mortgage loans underlying the REMIC certificates generally prohibit prepayment unless the property is sold to an unaffiliated third party (with respect to the borrower).

The Company believes that its current cash flow from operations available for distribution or reinvestment and its current borrowing capacity are sufficient to provide for payment of its operating costs, meet debt obligations and provide funds for distribution to its stockholders. Difficult capital market conditions in the health care industry have limited the Company's access to traditional forms of growth capital. As a result of the tight capital markets for the health care industry, the Company has continued to limit its investment activity in 2001. The Company expects to utilize cash from operations and additional borrowings under the Secured Revolving Credit to repay the remaining convertible subordinated debentures at maturity. The Secured Revolving Credit requires periodic reductions of commitments, however, as of March 31, 2001 the Company had reduced commitments to the October 2, 2002 required level. If prevailing interest rates or other factors at the time of refinancing, if any, (such as the reluctance of lenders to make commercial real estate loans) result in higher rates upon refinancing the interest expense relating to the refinanced indebtedness would increase and therefore adversely affect the Company's financial condition and results of operations.

Funds From Operations

The Company has adopted the definition of Funds From Operations ("FFO") prescribed by the National Association of Real Estate Investment Trusts ("NAREIT"). FFO is defined as net income applicable to common stockholders (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. In addition, the Company excludes any unrealized gains or losses resulting from temporary changes in the estimated fair value of its REMIC Certificates and impairment charges, if any, from the computation of FFO.

The Company believes that FFO is an important supplemental measure of operating performance. 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 or 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. FFO, as used by the Company in accordance with the NAREIT definition may not be comparable to similarly entitled items reported by other REITs that have not adopted the NAREIT definition.

The following table reconciles net income available to common stockholders to FFO available to common stockholders (in thousands):

	Three Months Ended March 31,	
	2001	2000
Net income available to common stockholders	$ 294	$ 6,903
Gain on sale of assets, net	(1,944)	—
Impairment charge	4,500	—
Real estate depreciation	3,739	3,848
FFO available to common stockholders	$ 6,589	$ 10,751
Basic FFO per share	$ 0.25	$ 0.41
Diluted FFO per share	$ 0.25	$ 0.41

Statement Regarding Forward Looking Disclosure

Certain information contained in this report includes forward looking statements, which can be identified by the use of forward looking terminology such as "may", "will", "expect", "should" or comparable terms or negatives thereof. These statements involve risks and uncertainties that could cause actual results to differ materially from those described in the statements. These risks and uncertainties include (without limitation) the following: the effect of economic and market conditions and changes in interest rates, government policy changes relating to the health care industry including changes in reimbursement levels under the Medicare and Medicaid programs, changes in reimbursement by other third party payors, the financial strength of the operators of the Company's facilities as it affects the continuing ability of such operators to meet their obligations to the Company under the terms of the Company's agreements with its borrowers and operators, the amount and the timing of additional investments, access to capital markets and changes in tax laws and regulations.

PART II
LTC PROPERTIES, INC.
OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a)
Exhibits

10
First Amendment to Revolving Credit Agreement dated March 23, 2001

In accordance with Item 601(b)(4)(iii) of Regulation S-K, certain instruments pertaining to Registrant's long-term debt have not been filed; copies thereof will be furnished to the Securities and Exchange Commission upon request.

(b)
Reports on Form 8-K

No reports on Form 8-K were filed by the Company during the three months ended March 31, 2001.

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: May 2, 2001

By: /s/ WENDY L. SIMPSON

Wendy L. Simpson
Vice Chairman and Chief Financial Officer

QuickLinks

EXHIBIT 10

FIRST AMENDMENT
TO
REVOLVING CREDIT AGREEMENT

This Amendment, dated as of March 23, 2001, is entered into by (1) LTC PROPERTIES, INC., a Maryland corporation (the "BORROWER"), (2) the financial institutions listed on the signature pages hereof (the "Lenders"), (3) SANWA BANK CALIFORNIA, as administrative agent (the "ADMINISTRATIVE AGENT") for the Lenders, (4) BANK OF MONTREAL, as syndication agent (the "SYNDICATION AGENT"), and (5) BNP PARIBAS, as documentation agent (the "DOCUMENTATION AGENT").

RECITALS

A. The Borrower, the Lenders, the Administrative Agent, the Syndication Agent and the Documentation Agent are parties to a Revolving Credit Agreement dated as of October 31, 2000 (the "CREDIT AGREEMENT"). Terms defined in the Credit Agreement and not otherwise defined herein have the same respective meanings when used herein, and the rules of interpretation set forth in Sections 1.2 and 1.3 of the Credit Agreement are incorporated herein by reference.

B. The Borrower and the Lenders wish to amend the Credit Agreement to, among other things, reduce the Aggregate Commitment to $140,000,000. Accordingly, the Borrower and the Lenders hereby agree as set forth below.

SECTION 1. AMENDMENTS TO CREDIT AGREEMENT. Subject to the terms and conditions of this Amendment, the Borrower and the Lenders hereby agree that the Credit Agreement is amended as set forth below.

(a) The definitions of "Aggregate Commitment," "Collateral Documents," "Credit Documents" and "Guarantors" in Section 1.1 of the Credit Agreement are amended in full to read as follows:

"`AGGREGATE COMMITMENT" means the maximum amount of credit available to the Borrower hereunder from time to time, as such amount is reduced from time to time pursuant to Sections 2.4 and 2.5."

"`COLLATERAL DOCUMENTS' means the Security Agreement, each Subsidiary Security Agreement and the LTC Mortgages."

"`CREDIT DOCUMENTS' means this Agreement, the Notes, the Guaranties, each Nonrecourse Guaranty, the Release of Claims, the Security Agreement, each Subsidiary Security Agreement, the LTC Mortgages, each

Subordination Agreement, each Letter of Credit Request, each Assignment and Acceptance and the Engagement Letter."

"`GUARANTORS' means LTC GP I, Inc., a Delaware corporation, LTC-Tampa, Inc., a Nevada corporation, LTC West, Inc., a Nevada corporation, Education Property Investors, Inc., a Nevada corporation, and each other Person that executes a Guaranty or a Nonrecourse Guaranty."

(b) The definitions of "Pricing Level 2," "Pricing Level 3" and "Pricing Level 4" in Section 1.1 of the Credit Agreement are amended be deleting the word "schedule" in each such definition and substituting the words "Compliance Certificate" in each case.

(c) Section 1.1 of the Credit Agreement is amended by adding the following definition in appropriate alphabetical order:

"`SUBSIDIARY SECURITY AGREEMENT' means a Subsidiary Security Agreement, in form and substance satisfactory to the Administrative Agent in its reasonable discretion, executed by a Subsidiary in favor of the Administrative Agent (or, at the option of the Administrative Agent, an independent collateral agent) for the benefit of the Lenders."

(d) Section 2.1 of the Credit Agreement is amended by deleting the words "on the signature pages hereof" and substituting the words "on Schedule 1."

(e) Section 2.8(c) of the Credit Agreement is amended by adding the following proviso before the period at the end thereof:

"PROVIDED, HOWEVER, that the foregoing prepayment provisions of this Section 2.8(c) shall not apply to the first $43,345,000 of such Net Cash Proceeds and/or insurance or condemnation proceeds received by the Borrower and/or its Subsidiaries after March 1, 2001."

(f) Section 5.1(a)(xv) of the Credit Agreement is amended by adding the following language before the semicolon at the end thereof:

", together with a report in the form of Exhibit J showing the cumulative total of such Net Cash Proceeds and/or insurance or condemnation proceeds received by the Borrower and/or its Subsidiaries after March 1, 2001 (PROVIDED, HOWEVER, that such report shall no longer be required at such time as such cumulative total exceeds $43,345,000)."

(g) Section 5.1(m)(i)(B) of the Credit Agreement is amended in full to read as follows:

"`(B) in the case of any Subsidiary that is executing an LTC Mortgage but that (1) has not already executed a Guaranty or a

Nonrecourse Guaranty, a Nonrecourse Guaranty duly executed by such Subsidiary, and/or (2) has not already executed a Subsidiary Security Agreement, a Subsidiary Security Agreement duly executed by such Subsidiary; and."

(h) Section 5.2(b)(ix) of the Credit Agreement is amended in full to read as follows:

"`(ix) Debt in the ordinary course of business between the Borrower and any Subsidiary or between two Subsidiaries, provided that the amount of such Debt owing to the Borrower or any Subsidiary that has executed a Guaranty by Subsidiaries that have not executed Guaranties shall not exceed $1,000,000 in aggregate principal amount at any time outstanding; and."

(i) Section 6.1(c) of the Credit Agreement is amended by adding the words "or any Subsidiary Security Agreement" after the words "the Security Agreement."

(j) Section 6.1(j) of the Credit Agreement is amended by adding the words "or any Subsidiary Security Agreement" after the words "the Security Agreement."

(k) Schedule 1 to the Credit Agreement is amended in full to be in the form of Schedule 1 attached to this Amendment.

(l) Schedule 3.4 to the Credit Agreement is amended in full to be in the form of Schedule 3.4 attached to this Amendment.

(m) The Credit Agreement is amended by adding a new Exhibit J thereto in the form of Exhibit J attached to this Amendment.

SECTION 2. CONDITIONS TO EFFECTIVENESS. This Amendment shall become effective as of the date first set forth above when and if the Administrative Agent receives the following documents, each dated the date hereof, otherwise in form and substance satisfactory to the Administrative Agent and in the number of originals requested by the Administrative Agent:

(a) this Amendment, duly executed by the Borrower and the Required Lenders;

(b) consents to this Amendment, duly executed by the Guarantors (as defined in Section 1(a)); and

(c) such other approvals, opinions, evidence and documents as any Lender through the Administrative Agent may reasonably request.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF BORROWER. The Borrower represents and warrants to the enders and the Administrative Agent as set forth below.

(a) The execution, delivery and performance by the Borrower of this Amendment and the Credit Documents, as amended hereby, to which the Borrower is a party are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action and do not (i) contravene the Borrower's charter documents or bylaws, (ii) contravene any Governmental Rule or contractual restriction binding on or affecting the Borrower or (iii) result in or require the creation or imposition of any Lien (other than any created by the Credit Documents) upon or with respect to any of the properties now owned or hereafter acquired by the Borrower.

(b) No Governmental Action is required for the due execution, delivery or performance by the Borrower of this Amendment or any of the Credit Documents, as amended hereby, to which the Borrower is or is to be a party.

(c) This Amendment and each of the other Credit Documents, as amended hereby, to which the Borrower is a party constitute legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally.

(d) The Collateral Documents constitute valid Liens on the Collateral purported to be covered thereby and secure the payment of all obligations purported to be secured thereby; and the execution, delivery and performance of this Amendment do not adversely affect the Liens of the Collateral Documents.

(e) The financial information as of September 30, 2000 and for the 9-month fiscal period then ended that was delivered by the Borrower to the Lenders pursuant to Section 5.1(a)(iii) of the Credit Agreement fairly presents the financial condition of the Borrower and the relevant Subsidiaries as of such date and the results of the operations of the Borrower and such Subsidiaries for the 9-month fiscal period ended on such date, all in accordance with GAAP applied on a consistent basis. Except as disclosed in a letter from the Borrower to the Administrative Agent dated October 31, 2000, since September 30, 2000 no event or situation has occurred that could reasonably be expected to have a Material Adverse Effect. The Borrower and its Subsidiaries have no material contingent liabilities except as disclosed in the aforementioned balance sheet or in the annual financial statements referred to in Section 4.5 of the Credit Agreement.

(f) The representations and warranties contained in the Credit Documents are correct on and as of the date hereof as though made on and as of such date (other than any such representations or warranties that, by their terms, refer to a specific date, in which case as of such specific date). No event has occurred and is continuing, or would result from the effectiveness of this Amendment, that constitutes a Default.

SECTION 4. REFERENCE TO AND EFFECT ON CREDIT DOCUMENTS.

(a) On and after the effective date of this Amendment, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein" or any other expression of like import referring to the Credit Agreement, and each reference in the other Credit Documents to "the Credit Agreement," "thereunder," "thereof," "therein" or any other expression of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as amended by this Amendment.

(b) Except as specifically amended above, the Credit Agreement and the other Credit Documents shall remain in full force and effect and are hereby ratified and confirmed; PROVIDED, HOWEVER, that the Borrower hereby ratifies and confirms the Release of Claims with respect to all "Released Matters" (as defined in the Release of Claims) as if that term had been defined to cover the period from the beginning of time through and including the date of this Amendment. Without limiting the generality of the foregoing, the Collateral Documents and all of the Collateral described therein do and shall continue to secure the payment of all obligations stated to be secured thereby under the Credit Documents, as amended hereby.

(c) Except as expressly set forth herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders under any of the Credit Documents or constitute a waiver of any provision of any of the Credit Documents.

SECTION 5. COSTS AND EXPENSES. The Borrower agrees to pay on demand all costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment and the other instruments and documents to be delivered hereunder, including the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent with respect thereto and with respect to advising the Administrative Agent as to its rights and responsibilities hereunder and thereunder.

SECTION 6. EXECUTION IN COUNTERPARTS. This Amendment may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 7. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THE STATE OF CALIFORNIA.

LTC PROPERTIES, INC.

By: ---------------------------------------
Name: -------------------------------------
Title: ------------------------------------

SANWA BANK CALIFORNIA,
as Administrative Agent and Lender

By: ---------------------------------------
E. Leigh Irwin
Senior Vice President

BANK OF MONTREAL,
as Syndication Agent and Lender

By: ---------------------------------------
Name: -------------------------------------
Title: ------------------------------------

BNP PARIBAS, Los Angeles Branch,
as Documentation Agent and Lender

By: ---------------------------------------
Name: -------------------------------------
Title: ------------------------------------

By: ---------------------------------------
Name: -------------------------------------
Title: ------------------------------------

BANK HAPOALIM B.M.

By: ---------------------------------------
Name: -------------------------------------

Title: ------------------------------------

By: --
Name: -------------------------------------
Title: ------------------------------------

BANK OF AMERICA, N.A.

By: --
Name: -------------------------------------
Title: ------------------------------------

KEY CORPORATE CAPITAL INC.

By: --
Name: -------------------------------------
Title: ------------------------------------

BHF (USA) CAPITAL CORPORATION

By: --
Name: -------------------------------------
Title: ------------------------------------

By: --
Name: -------------------------------------
Title: ------------------------------------

WELLS FARGO BANK, N.A.

By: --
Name: -------------------------------------
Title: ------------------------------------

BANK LEUMI USA

By: --
Name: -------------------------------------
Title: ------------------------------------

SCHEDULE 1

LENDERS AND APPLICABLE LENDING OFFICES

<TABLE>
<CAPTION>

LENDER	COMMITMENT	DOMESTIC LENDING OFFICE
<S>	<C>	<C>
Sanwa Bank California	$25,373,608.93	601 South Figueroa Street Los Angeles, CA 90017 Attention: E. Leigh Irwin Senior Vice President Telecopier: 213-896-7387
Bank of Montreal	$29,157,392.70	115 South LaSalle Street, 5th Floor West Chicago, IL 60603 Attention: Thomas A. Batterham Director Telecopier: 312-293-5852
BNP Paribas	$14,244,833.06	725 South Figueroa Street, Suite 2090 Los Angeles, CA 90017 Attention: Clive Bettles Managing Director Telecopier: 213-488-9602
Bank Hapoalim B.M.	$14,244,833.06	250 Montgomery Street, Suite 700 San Francisco, CA 94104 Attention: Rami Lador First Vice President and Manager Telecopier: 415-989-9948

</TABLE>

<TABLE>

<S>	<C>	<C>
Bank of America, N.A.	$14,244,833.06	555 South Flower Street, CA9-706-11-21 Los Angeles, CA 90071 Attention: Clara Yang Strand Managing Director Telecopier: 213-228-6003
Key Corporate Capital Inc.	$14,244,833.06	525 Vine Street, 6th Floor Cincinnati, OH 45202 Attention: Jeffrey Tell Portfolio Manager Telecopier: 513-762-8450
BHF (USA) Capital Corporation	$10,683,624.80	590 Madison Avenue, 30th Floor New York, NY 10022-2540 Attention: Thomas Dearth Vice President Telecopier: 212-756-5536
Wells Fargo Bank, N.A.	$10,683,624.80	333 South Grand Avenue, 9th Floor Los Angeles, CA 90071 Attention: Edith R. Lim Vice President Telecopier: 213-253-5913

Bank Leumi USA	$ 7,122,416.53	579 Fifth Avenue New York, NY 10017 Attention:	Joung Hee Hong Vice President	
		Telecopier:	212-407-4317	
Total Commitments:	$140,000,000.00			

</TABLE>

EXHIBIT J

CUMULATIVE NET CASH PROCEEDS AND/OR INSURANCE
OR CONDEMNATION PROCEEDS AFTER MARCH 1, 2001

<TABLE>
<CAPTION>

	Date OF SALE	Gross SALE PRICE	Allocation PERCENTAGE	
Net Cash Proceeds to be applied:				$43,345,000
Less sales to be applied as follows:				
First $33,345,000 to be applied at 80%				
1. Sale of Paradise Lane	3/5/01	($2,185,000)	80%	($1,748,000)
2.				
3.				
Next $10,000,000 to be applied at 50%				
1.				
2.				
3.				
Total sales		($2,185,000)		
Net Cash Proceeds remaining to be applied				$41,597,000

</TABLE>

SCHEDULE 3.4

ASSETS TO BE ENCUMBERED

<TABLE>
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	Borrower/Owned Property	Loan / Prop. No.	Collateral Value as of 9/30/2000	No. of Properties	State
	A. MORTGAGE LOANS				
1	Consulting, Management and Education, Inc.	061	$ 533,627.97	1	CO
2	G.I.T., Inc.	075	1,982,319.29	1	NC
3	Bellingham II Associates Limited Partnership	076	877,267.55	1	WA
4	Wiesburg, et al.	078	1,383,317.86	1	CA
5	Todd/Eyring, et al.	086	2,292,195.38	1	AZ

6	Walnut Grove Associates Limited Partnership	090	882,114.90	1	WA
7	Holiday Care Center, Inc	092	952,160.35	1	FL
8	American Consultants, Inc	098	2,111,793.48	1	FL
9	Los Gatos Associates, L.P.	101	1,628,281.61	1	CA
10	Pet-Cal Associates, L.P.	114	1,178,255.12	1	CA
11	Big Spring Care Associates Limited Partnership	115	1,045,847.98	1	TX
12	Charleston Associates, L.P.	117	1,081,582.61	1	NV
14	Henry Thomas Taylor	133	10,842,077.68	5	SC
15	Springs Ark Associates, Limited Partnership	144	1,277,991.42	1	AR
16	Ark Rock Associates, Limited Partnership	146	1,833,040.64	1	AR
17	Woodland Manor Nursing Homes, Inc.	148	4,987,336.28	1	OH
18	Bartle OK Associates, L.P.	150	1,206,443.93	1	OK
19	Lantis Enterprises, Inc.	155	1,944,810.51	1	IA
20	Walla Walla Partners, L.P.	156	934,336.39	1	WA
21	Yakima Associates, L.P.	159	1,592,891.61	1	WA
22	Browns Nursing Home, Inc.	172	1,169,175.98	1	GA
23	Mi-Con Associates, a California Limited Partnership	182	2,084,494.66	1	WI
24	Meadowbrook Healthcare Services of Colorado, Inc.	188	5,856,728.42	2	CO
25	Bee Hurst Associates, L.P.	192	1,531,491.23	1	TX
26	Bee Hurst Associates, L.P.	193	1,450,130.73	1	TX
27	West Palm-Cal Associates, a California Limited Partnership	194	4,282,057.09	1	FL
28	Yuba-Cal Associates, L.P.	195	3,067,297.01	1	CA

</TABLE>
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	Borrower/Owned Property	Loan / Prop. No.	Collateral Value as of 9/30/2000	No. of Properties	State
<S>		<C>	<C>	<C>	<C>
29	Kil-Green Associates, L.P.	196	1,315,718.72	1	TX
30	Renaissance Retirement, Ltd. II Retirement Group, L.L.C. (second mortgage)	198	3,198,620.34	1	FL
31	Sac-Cal Associates, a California Limited Partnership	203	1,526,342.63	1	CA
32	Mel/Wel Developers, Inc.	211	2,629,383.52	1	NE
33	St. Simons Acquisition, L.L.C.	217	1,905,972.49	1	IL
34	Grove Oak-Cal Associates, L.P.	225	1,432,811.64	1	MO
35	Osage Investment LLC	229	483,422.60	1	AL
36	San Cruz-Cal Associates, L.P.	230	3,379,515.38	1	CA
37	Papillion Investors, LLC	232A/B	3,216,889.98	1	NE
38	Scottsbluff Investors, LLC	234A/B	3,011,556.59	1	NE
39	Spirit Lake Investors, L.C.	237A/B	2,383,596.70	1	IA
41	Pheo Med Limited Partnership	141	2,366,336.48	1	FL
42	Retirement Group, L.L.C.	179	2,688,283.52	1	GA
43	Retirement Group, L.L.C.	181	1,500,000.00	1	FL
44	Skyler Mississippi, Inc.	212	5,374,577.96	1	MS
45	Herf Associates, L.P.	131	387,189.33	1	TX
46	Elk Point Investors, LLC	238A/B	2,330,899.52	1	SD
47	Ogallala Investors, LLC	239A/B	1,921,080.93	1	NE
48	Kalispell Investors, LLC	231A/B	2,326,142.75	1	MT
49	Prairies Equities, Ltd.	210	1,468,957.80	1	TX
50	Flower Square Limited Partnership	163	3,800,000.00	1	AZ
	Total Mortgage Loans		$108,656,366.56	53	
	B. OWNED PROPERTIES				
13	Consulting Management and Education, Inc.	194	1,685,585.96	1	CO
40	Mid Florida Inc. (Crestwood, Hillview, Lauderdale)	195, 196, 197	3,500,000.00	3	TN
51	Gulf Coast Nrsg & Rehab	P006	$ 3,356,494.62	1	FL
52	Surrey Place - Bradenton	P007	3,050,748.00	1	FL
53	Surrey Place - Lacanto	P008	5,267,240.00	1	FL
54	Prairie Manor Healthcare	P018	6,600,000.00	1	IL
55	Alpine House	P060	1,606,748.19	1	TX
56	Oakwood House	P061	2,056,748.20	1	TX
57	Harrison House	P062	1,607,384.38	1	TX
58	Lakeland House	P063	1,607,384.38	1	TX
59	Angelina House	P066	2,000,000.00	1	TX
60	Neches House	P068	2,050,000.00	1	TX
61	Crawford House	P071	2,600,000.00	1	WA
62	Colonial House	P072	2,600,000.00	1	WA

</TABLE>

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<CAPTION>

	Borrower/Owned Property	Loan / Prop. No.	Collateral Value as of 9/30/2000	No. of Properties	State
<S>		<C>	<C>	<C>	<C>
63	Linkville House (leasehold interest)	P073	2,400,000.00	1	OR
64	Spencer House (leasehold interest)	P074	2,150,000.00	1	OR
65	Sterling House of Wichita Falls	P076	1,950,000.00	1	TX
66	Sylvan House	P079	2,700,000.00	1	ID
67	Covenant Care Nursing	P081	3,149,090.94	1	CA
68	Clearwater House	P082	2,363,400.00	1	ID
69	Caldwell House	P088	2,685,000.00	1	OH
70	Port Haven Health Care Center	P094	2,481,587.57	1	OR
71	Madison House	P095	2,223,000.00	1	NE
72	Saunders House	P096	2,418,000.00	1	NE
73	Karr House	P097	2,600,000.00	1	WA
74	Seneca House	P098	2,535,000.00	1	OH
75	Mahoney House	P099	2,418,000.00	1	NE
76	Rutherford House	P100	2,535,000.00	1	OH
77	Jasmine House	P101	2,520,000.00	1	AZ
78	Sterling House of Greeley	P102	2,680,000.00	1	CO
79	Maurice House	P104	2,925,000.00	1	NJ
80	Davis House	P106	2,600,000.00	1	AZ
81	Riverbend House	P110	2,535,000.00	1	OH
82	Warren House	P111	2,300,000.00	1	ID
83	Anabelle House	P112	2,300,000.00	1	ID
84	Sawyer House	P113	2,700,000.00	1	OR
85	Homestead House	P117	2,223,000.00	1	NE
86	The Jewels House	P119	2,535,000.00	1	IN
87	Chestnut House	P118	2,535,000.00	1	OH
88	Arbor House	P076	2,850,000.00	1	TX
89	Beardsley House	P122	2,535,000.00	1	IN
90	Florida LTC (New Port Richey)	P123	6,238,892.40	1	FL
91	Sunnyside Court	P130	3,392,122.00	1	CA
92	Sandia Springs	P135	8,432,020.00	1	NM
93	Karrington at Rocky River	P141	7,723,300.00	1	OH
94	Regent at Canyon Crest	P151	8,800,000.00	1	AZ
95	The Palms of Roseville	P152	7,400,000.00	1	CA
96	Aspen Wind	P153	5,390,000.00	1	WY
97	Meadow Wind	P154	3,710,000.00	1	WY
98	Karrington at Presque Isle	P155	8,326,700.00	1	PA
99	Reed House	P156	2,812,500.00	1	IA
100	Spring Wind	P157	3,710,000.00	1	WY
101	Sterling Hse - Clemson	P160	2,421,392.70	1	SC
102	Sterling Hse - Greenwood	P161	2,738,061.85	1	SC
103	Sterling Hse - Goldsboro	P167	2,485,622.08	1	NC
104	Des Moines Cal Asso (University)	P168	2,352,746.19	1	IA
105	Clare Bridge	P170	3,500,000.00	1	CO
106	Summers' Landing - Cordelle	P195	1,607,553.70	1	GA
	Total Owned Properties		$188,475,323.16	60	

</TABLE>

<TABLE>
<CAPTION>

Borrower/Owned Property	Loan / Prop. No.	Collateral Value as of 9/30/2000	No. of Properties	State
<S>	<C>	<C>	<C>	<C>
C. REMIC CERTIFICATES				
LTC Commercial Mortgage Pass-Through Certificate, Series 1993-1, Class I-1, No. R-2		$ 1,842,848.00		
LTC Commercial Mortgage Pass-Through Certificate, Series 1993-1, Class I-2, No. R-2		2,381,520.00		
LTC Commercial Mortgage Pass-Through Certificate, Series 1994-1, Class E-1, No. E-2		18,358,941.00		

LTC Commercial Mortgage Pass-Through Certificate, Series 1994-1, Class F-1, No. F-2		17,672,987.00		
LTC Commercial Mortgage Pass-Through Certificate, Series 1994-1, Class X-1, No. X-1 2		1,953,340.00		
LTC Commercial Mortgage Pass-Through Certificate, Series 1994-1, Class X-2, No. X-2 2		225,589.00		
LTC Commercial Mortgage Pass-Through Certificate, Series 1996-1, Class F, No. 2		4,203,879.00		
LTC Commercial Mortgage Pass-Through Certificate, Series 1996-1, Class G, No. 2		4,722,331.00		
LTC Commercial Mortgage Pass-Through Certificate, Series 1996-1, Class X-1, No. 2		3,472,633.00		
LTC Commercial Mortgage Pass-Through Certificate, Series 1996-1, Class X-2, No. 2		2,735,630.00		

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<TABLE>
<CAPTION>

Borrower/Owned Property	Loan / Prop. No.	Collateral Value as of 9/30/2000	No. of Properties	State
<S>	<C>	<C>	<C>	<C>
LTC Commercial Mortgage Pass-Through Certificate, Series 1998-1, Class F, No. 2		6,710,274.00		
LTC Commercial Mortgage Pass-Through Certificate, Series 1998-1, Class G, No. 2		19,111,991.00		
LTC Commercial Mortgage Pass-Through Certificate, Series 1998-1, Class X-1, No. 2		8,821,457.00		
LTC Commercial Mortgage Pass-Through Certificate, Series 1998-1, Class X-2, No. 2		4,118,728.00		
Total REMIC Certificates		$96,332,148.00	N/A	
Total Collateral		$393,463,837.72	113	

</TABLE>