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 September 30, 1999

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)	(I.R.S. 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 November 5, 1999 - 27,367,574

LTC PROPERTIES, INC.

FORM 10-Q

SEPTEMBER 30, 1999

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

<TABLE>
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	September 30, 1999 (Unaudited)	December 31, 1998
<S>	<C>	<C>
ASSETS		
Real Estate Investments:		
Buildings and improvements, net of accumulated depreciation and amortization: 1999 - $36,582: 1998 - $26,972	$ 404,420	$ 366,891
Land	19,074	16,796
Mortgage loans receivable held for sale, net of allowance for doubtful accounts: 1999 - $1,250: 1998 - $1,250	145,001	179,714
REMIC Certificates	98,248	100,595
Real estate investments, net	666,743	663,996
Other Assets:		
Cash and cash equivalents	1,871	1,503
Debt issue costs, net	1,421	2,040
Interest receivable	4,189	3,350
Prepaid expenses and other assets	12,633	2,397
Marketable debt securities	13,817	--
Note receivable from LTC Healthcare, Inc.	19,977	16,528
	53,908	25,818
Total assets	$ 720,651	$ 689,814
LIABILITIES AND STOCKHOLDERS' EQUITY		
Convertible subordinated debentures due 2001-2002	$ 29,182	$ 56,667
Bank borrowings	153,000	100,000
Mortgage loans and notes payable	62,607	55,432
Bonds payable and capital lease obligations	17,160	17,596
Accrued interest	1,575	3,135
Accrued expenses and other liabilities	4,711	4,085
Distributions payable	11,664	985
Total liabilities	279,899	237,900
Minority interest	9,669	10,514
Commitments		
Stockholders' equity:		
Preferred stock $0.01 par value: 10,000,000 shares authorized; shares issued and outstanding: 1999-7,080,000, 1998-7,080,000	165,500	165,500
Common stock: $0.01 par value; 40,000,000 shares authorized; shares issued and outstanding: 1999-27,367,574: 1998-27,660,712	274	277
Capital in excess of par value	307,077	311,113
Notes receivable from stockholders	(10,372)	(11,200)
Cumulative net income	195,639	158,270
Accumulated comprehensive income	(1,184)	--
Cumulative distributions	(225,851)	(182,560)
Total stockholders' equity	431,083	441,400
Total liabilities and stockholders' equity	$ 720,651	$ 689,814

</TABLE>

SEE ACCOMPANYING NOTES

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

<TABLE>
<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Revenues:				
Rental income	$ 11,572	$ 11,777	$ 34,227	$ 31,424
Interest income from mortgage loans				

and notes receivable	5,026	4,747	15,127	17,886
Interest income from REMIC Certificates	4,419	4,614	13,224	12,357
Interest and other income	1,778	2,113	5,379	5,382
Total revenues	22,795	23,251	67,957	67,049
Expenses:				
Interest expense	5,399	6,101	15,990	17,634
Depreciation and amortization	3,256	3,942	9,799	9,423
Minority interest	253	382	765	1,110
Operating and other expenses	1,941	1,329	4,034	3,893
Total expenses	10,849	11,754	30,588	32,060
Operating income	11,946	11,497	37,369	34,989
Other Income:				
Gain on sale of real estate investments	--	1,738	--	9,926
Unrealized loss on REMIC Certificates	--	(6,481)	--	(6,578)
Total other income	--	(4,743)	--	3,348
Net income	11,946	6,754	37,369	38,337
Preferred dividends	(3,772)	(3,217)	(11,315)	(9,125)
Net income available to common stockholders	$ 8,174	$ 3,537	$ 26,054	$ 29,212
Net Income per Common Share:				
Basic	$ 0.30	$ 0.13	$ 0.95	$ 1.09
Diluted	$ 0.30	$ 0.13	$ 0.95	$ 1.08
Comprehensive Income:				
Net income	$ 11,946	$ 6,754	$ 37,369	$ 38,337
Unrealized gain (loss) on available for sale securities	90	--	(1,184)	--
Total comprehensive income	$ 12,036	$ 6,754	$ 36,185	$ 38,337

</TABLE>

SEE ACCOMPANYING NOTES

LTC PROPERTIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

<TABLE>
<CAPTION>

	Nine Months Ended September 30,	
	1999	1998
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 37,369	$ 38,337
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,799	9,423
Gain on sale of real estate investments	--	(9,926)
Unrealized holding loss on estimated fair value of REMIC Certificates	--	6,578
Gain on repurchase of convertible subordinated debentures	(1,021)	--
Other non-cash charges	1,609	1,723
Increase (decrease) in accrued interest	(1,560)	(2,025)
Net change in other assets and liabilities	(3,395)	1,201
Net cash provided by operating activities	42,801	45,311
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under the lines of credit	117,500	217,000
Repayments of bank borrowings	(64,500)	(203,000)
Principal payments on mortgage loans payable and capital lease obligations	(771)	(4,910)
Repurchase of common stock	(4,488)	--
Proceeds from issuance of preferred stock, net	--	37,605
Redemption of convertible subordinated debentures	(25,780)	--

Distributions paid	(32,612)	(39,883)
Other	(313)	(969)
Net cash provided by (used in) financing activities	(10,964)	5,843
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Investment in real estate mortgages	(8,555)	(28,348)
Acquisitions of real estate properties, net	(5,929)	(135,419)
Proceeds form the sale of REMIC Certificates, net	--	108,613
Proceeds from sale of real estate investments, net	--	16,706
Investment in debt securities	(13,097)	--
Principal payments on mortgage loans receivable	6,309	1,351
Investment in LTC Healthcare, Inc.	--	(2,001)
Advances under note receivable from LTC Healthcare, Inc.	(8,123)	(8,635)
Payments on note receivable from LTC Healthcare, Inc.	4,674	17,668
Other	(6,748)	(628)
Net cash used in investing activities	(31,469)	(30,693)
Increase in cash and cash equivalents	368	20,461
Cash and cash equivalents, beginning of period	1,503	4,974
Cash and cash equivalents, end of period	$ 1,871	$ 25,435
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 16,604	$ 19,106
Non-cash investing and financing transactions:		
Conversion of debentures into common stock	$ 435	$ 32,284
Distribution of Investment in LTC Healthcare, Inc.	--	10,724
Notes receivable relating to exercise of employee stock options	--	2,088
Assumption of mortgage loans payable for acquisitions of real estate properties	7,510	11,224
Conversion of mortgage loans into owned properties	34,874	7,301
Minority interest related to acquisitions of real estate properties	--	3,432

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SEE ACCOMPANYING NOTES

LTC PROPERTIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The condensed consolidated financial statements included herein have been prepared by LTC Properties, Inc. (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 and nine months ended September 30, 1999 and 1998 pursuant to the rules and regulations of the Securities and Exchange Commission. The accompanying condensed 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 and nine months ended September 30, 1999 and 1998 are not necessarily indicative of the results for a full year. Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

No provision has been made for federal 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

MORTGAGE LOANS. On September 30, 1999, the Company purchased four skilled nursing facilities for the amount of outstanding mortgages payable to the Company ($13,828,000). These properties were then leased to LTC Healthcare, Inc. ("Healthcare").

During the three months ended September 30, 1999, a mortgage loan with an outstanding principal balance of approximately $3,016,000 was repaid.

OWNED PROPERTIES. In addition to the four properties purchased subject to the mortgage loans as discussed above, on September 30, 1999, the Company purchased three skilled nursing facilities by assuming the aggregate debt of approximately $7,510,000. One of the skilled nursing facilities acquired subject to the debt was in turn leased to Healthcare. In connection with an outstanding commitment, the Company also acquired an assisted living facility for $3,500,000 in a sale lease-back transaction.

REMIC CERTIFICATES. As of September 30, 1999 the outstanding certificate principal balance and the weighted average pass-through rate for the senior REMIC certificates (all held by outside third parties) was $287,464,000 and 7.22%. As of September 30, 1999, the carrying value of the subordinated REMIC certificates held by the Company was $98,248,000. 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 17.40% at September 30, 1999.

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 September 30, 1999, available-for-sale certificates were recorded at their fair value of approximately $46,449,000. Unrealized holding gains on available-for-sale certificates of $106,000 were included in comprehensive income for the three months ended September 30, 1999. At September 30, 1999, held-to-maturity certificates had a book value of $51,799,000 and a fair value of

$47,894,000. As of September 30, 1999, 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 23.2% and 11.9%, respectively.

3. DEBT OBLIGATIONS

As of September 30, 1999, $128,000,000 was outstanding under the Company's $170,000,000 Senior Unsecured Revolving Line of Credit (the "Revolving Credit Facility") which expires on October 3, 2000. During the three months ended September 30, 1999, pricing under the Revolving Credit Facility was LIBOR plus 1.25%. As of September 30, 1999, $25,000,000 was outstanding under a term loan that bears interest at LIBOR plus 1.25% and matures on October 2, 2000.

During the three months ended September 30, 1999, the Company acquired three skilled nursing facilities subject to the outstanding debt of $7,510,000. The aggregate debt assumed has a weighted average interest rate of 11.4% and is payable to the 1996-1 REMIC pool.

On September 30, 1999, $10,000,000 in outstanding principal amount of 8.25% convertible subordinated debentures matured and was repaid. During the three months ended September 30, 1999, the Company repurchased an aggregate of $14,550,000 face amount of its convertible subordinated debentures on the open market for an aggregate purchase price of $13,517,000. A gain of $836,000 on the repurchase of convertible debentures is included in interest and other income in the accompanying statement of operations.

Subsequent to September 30, 1999, the Company obtained mortgage financing of $18,485,000 from a third-party lender. The mortgage loan is secured by 10 assisted living facilities, bears interest at 8.81% and matures in December 2009.

4. STOCKHOLDERS EQUITY

During the three months ended September 30, 1999, 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, $818,000, respectively. During the three months ended September 30, 1999, the Company declared cash dividends of $.39 per share on its common stock totaling $10,679,000. The dividend on the common stock for the third quarter of 1999 was paid on October 15, 1999.

6. LTC HEALTHCARE, INC.

During the three months ended September 30, 1999, the Company recorded interest income of $451,000 on the average outstanding principal balance under the unsecured line of credit it provided to Healthcare and Healthcare reimbursed the Company $162,000 for administrative and management advisory services.

At September 30, 1999, the Company held 264,900 shares of Healthcare common stock that was recorded at its fair value of approximately $497,000. An unrealized holding loss of $16,000 was included in comprehensive income for the three months ended September 30, 1999.

As of September 30, 1999, 18 real estate properties with a gross carrying value of $46,582,000 or 5.1% of the Company's gross real estate investment portfolio (adjusted to include mortgage loans underlying the REMIC Certificates) were leased to Healthcare.

Effective October 18, 1999, the Company purchased 100% of the stock of Missouri River Corporation ("Missouri River") from Healthcare for total proceeds of $16,050,000 which equaled Healthcare's cost basis in the properties owned by Missouri River. Missouri River owns two assisted living facilities that are leased under long-term triple-net leases to a third-party operator. Healthcare used the proceeds of $16,050,000 to repay outstanding borrowings under the unsecured line of credit provided by the Company.

7. EARNINGS PER SHARE

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

<TABLE>
<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Net income	$11,946	$6,754	$37,369	$38,337
Preferred dividends	(3,772)	(3,217)	(11,315)	(9,125)
Net income for basic net income per share	8,174	3,537	26,054	29,212
Effect of dilutive securities:				
7.75% convertible debentures due 2002	-	-	-	473
8.50% convertible debentures due 2001	-	-	-	1,671
8.50% convertible debentures due 2000	-	-	-	684
9.75% convertible debentures due 2004	-	-	-	28
8.25% convertible debentures due 1999	-	-	-	645
8.25% convertible debentures due 2001	-	-	-	-
Convertible partnership units	-	-	-	164
Net income for diluted net income per share	$8,174	$3,537	$26,054	$32,877
Shares for basic net income per share	27,386	27,668	27,439	26,824
Effect of dilutive securities:				
Stock options	-	3	16	15
7.75% convertible debentures due 2002	-	-	-	465
8.50% convertible debentures due 2001	-	-	-	1,553
8.50% convertible debentures due 2000	-	-	-	665
9.75% convertible debentures due 2004	-	-	-	33
8.25% convertible debentures due 1999	-	-	-	645
8.25% convertible debentures due 2001	-	-	-	-
Convertible partnership units	-	-	-	241
Shares for diluted net income per share	27,386	27,671	27,455	30,441
Basic net income per share	$0.30	$0.13	$0.95	$1.09
Diluted net income per share	$0.30	$0.13	$0.95	$1.08

</TABLE>

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

OPERATING RESULTS

THREE MONTHS ENDED SEPTEMBER 30, 1999 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 1998

Revenues for the three months ended September 30, 1999 decreased to $22,795,000 from $23,251,000 for the same period in 1998. The decrease in revenues resulted from decreased rental income of $205,000, decreased interest income from REMIC certificates of $195,000 and a decrease in interest and other income of $335,000 which was somewhat offset by a increase in interest from mortgage loans and notes receivable of $279,000.

Rental income decreased $1,298,000 related to the contribution of properties to LTC Healthcare, Inc. ("Healthcare") in September 1998 and $89,000 resulting from the disposition of properties. Partially offsetting this decrease in rental income was an increase of $907,000 related to property acquisitions. "Same-store" rents increased $275,000 due to the receipt of contingent rents and rental increases as provided for in the lease agreements. A reduction in new investments in 1998 and a corresponding reduction in commitment fees resulted in a decrease in interest and other income. The decrease in interest and other income is mitigated by interest income on marketable debt securities and the gain on the repurchase of the Company's convertible subordinated debentures. Interest income of $451,000 on the unsecured line of credit provided to Healthcare accounted for the increase in interest from mortgage loans and notes receivable. The increase was somewhat offset by a decrease in interest on mortgage loans due the temporary non-accrual of interest while borrowers were in Chapter 11 bankruptcy protection. As of September 30, 1999, these assets had emerged from bankruptcy protection. See "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations -Other Developments."

Total expenses as a percent of total revenues decreased to 48% in 1999 from 51% in 1998. The decrease as a percent of revenues is largely due to a reduction in interest expense resulting from the contribution of leveraged properties to Healthcare on September 30, 1998 and the redemption of subordinated debentures. Depreciation and amortization decreased primarily as a result of the contribution of properties to Healthcare that were acquired by the Company during the second and third quarter of 1998. The increase in general and administrative expenses is due to the settlement of an employee related dispute.

Preferred dividends increased as a result of dividends on the Series C Convertible Preferred Stock which was issued in September 1998.

Net income available to common shareholders increased to $8,174,000 for the three months ended September 30, 1999 from $3,537,000 for the same period in 1998. Excluding the gain on the sale of real estate investments and the unrealized loss on REMIC Certificates in 1998, net income available to common shareholders decreased slightly to $8,174,000 for the three months ended September 30, 1999 from $8,280,000 for the same period in 1998.

NINE MONTHS ENDED SEPTEMBER 30, 1999 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1998

Revenues for the nine months ended September 30, 1999 increased to $67,957,000 from $67,049,000 for the same period in 1998. The increase in revenues resulted from increased rental income of $2,803,000, increased interest income from REMIC certificates of $867,000 which was somewhat offset by a decrease in interest from mortgage loans and notes receivable of $2,759,000 and a decrease in interest and other income of $3,000

Rental income increased $5,937,000 as a result of property acquisitions. "Same-store" rents increased $648,000 due to the receipt of contingent rents and rental increases as provided for in the lease agreements. Partially offsetting the above increases in rental income were decreases of $3,301,000 related to the contribution of properties to Healthcare in September 1998 and $481,000 resulting from the disposition of properties. Interest on the Assisted Living Concepts, Inc. convertible debentures accounted for the increase in interest and other income. Interest income from mortgage loans and notes receivable decreased due to the sale of mortgage loans in connection with a REMIC securitization that was completed in May 1998 which was somewhat offset by interest income on the unsecured line of credit provided to Healthcare. The decrease in interest income from mortgage loans was partially mitigated by an increase in interest income from REMIC certificates from the retention of certificates originated in the May 1998 securitization.

Total expenses as a percent of total revenues decreased to 45% in 1999 from 48% in 1998. The decrease as a percent of revenues is largely due to a reduction in interest expense resulting from the contribution of leveraged properties to Healthcare on September 30, 1998 and the redemption of subordinated debentures.

Depreciation and amortization increased as a result of a larger average investment base in owned properties in 1999 as compared to 1998.

On January 1, 1999, in accordance with recently issued accounting standards, the Company reclassified its investment in REMIC certificates from trading securities to available-for-sale and held-to-maturity securities. As a result of the change in accounting for REMIC certificates, the Company no longer recognizes unrealized gains or losses on changes in their fair value in current period earnings.

Preferred dividends increased as a result of dividends on the Series C Convertible Preferred Stock which was issued in September 1998.

Net income available to common shareholders decreased to $26,054,000 for the nine months ended September 30, 1999 from $29,212,000 for the same period in 1998. Excluding the gain on the sale of real estate investments and the unrealized loss on REMIC Certificates in 1998, net income available to common shareholders increased to $26,054,000 for the nine months ended September 30, 1999 from $25,864,000 for the same period in 1998.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 1999, the Company's real estate investment portfolio (before accumulated depreciation and allowance for doubtful accounts) consisted of $460,076,000 invested primarily in owned long-term care facilities, mortgage loans of approximately $146,251,000 and subordinated REMIC certificates of approximately $98,248,000 with a weighted average effective yield of 17.4%. At September 30, 1999, the outstanding certificate principal balance and the weighted average pass-through rate for the senior REMIC certificates (all held by outside third parties) was $287,464,000 and 7.22%. The Company's portfolio consists of 266 skilled nursing facilities, 94 assisted living facilities and six schools in 35 states.

During the nine months ended September 30, 1999, the Company had net cash provided by operations of $42,801,000. In addition, the Company obtained a $25,000,000 term loan and had net borrowings of $28,000,000 under its unsecured revolving credit facility. Subsequent to September 30, 1999, the Company obtained mortgage financing of $18,485,000 from a third-party lender. The mortgage loan is secured by 10 assisted living facilities, bears interest at 8.81% and matures in December 2009. Proceeds from the mortgage loan will be used to repay outstanding borrowings under the unsecured revolving credit facility.

During the nine months ended September 30, 1999, the Company invested $6,678,000 in mortgage loans secured by three assisted living facilities ("ALFs") and advanced $1,877,000 for renovation and expansion under a mortgage loan previously provided on an educational facility. In addition, the Company invested $4,657,000 in owned properties by completing the sale/leaseback of eight ALFs that it

had previously financed with mortgage loans and acquiring one ALF. The Company also invested $1,272,000 in the expansion and renovation of existing facilities. During the nine months ended September 30, 1999, the Company purchased $4,195,000 face amount of Assisted Living Concepts, Inc. ("ALC") 5.625% convertible subordinated debentures and $15,645,000 face amount of ALC 6.0% convertible subordinated debentures for an aggregate purchase price of $13,097,000. The ALC convertible subordinated debentures have a weighted average effective yield of 19.1%.

During the nine months ended September 30, 1999, the Company repurchased and retired 349,800 shares of common stock for an aggregate purchase price of approximately $4,488,000. On September 30, 1999, $10,000,000 in outstanding principal amount of 8.25% convertible subordinated debentures matured and was repaid. During the nine months ended September 30, 1999, the Company repurchased an aggregate of $17,050,000 face amount of its convertible subordinated debentures on the open market for an aggregate purchase price of $15,780,000.

During the same period, the Company declared and paid cash dividends on its Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock totaling $5,487,000, $3,375,000, $2,453,000, respectively. In addition, the Company paid quarterly cash dividends on its common stock totaling $21,297,000 which represented the dividend for the first and second quarter of 1999. The cash dividend of $10,679,000 on the common stock for the third quarter of 1999 was paid on October 15, 1999.

As of September 30, 1999, borrowing capacity of $42,000,000 was available under the Company's $170,000,000 unsecured revolving credit facility which matures in October 2000. The revolving credit facility had pricing of LIBOR plus 1.25% at September 30, 1999. After giving effect to borrowing base requirements for outstanding bank borrowings, the Company had $350,829,000 of available unencumbered real estate investments at September 30, 1999. Available unencumbered real estate investments consisted of $211,380,000 in owned properties (before accumulated depreciation), $41,201,000 of mortgage loans (before allowance for doubtful accounts) and $98,248,000 of REMIC certificates.

The Company believes that its current cash from operations available for distribution or reinvestment, its borrowing capacity (including borrowings against unencumbered real estate investments), and the Company's ability to access the capital markets are sufficient to provide for payment of its operating costs, provide funds for distribution to its stockholders and to fund additional investments.

OTHER DEVELOPMENTS

At December 31, 1998, Sun Healthcare Group, Inc. ("Sun") operated 70 facilities representing 19% ($174.3 million) of the Company's gross real estate investment portfolio (adjusted to include mortgage loans to third parties securing the investment in REMIC certificates). During 1999, Sun was replaced as the operator at 18 properties and the property owner repaid mortgage loans on two facilities leased to Sun resulting in a reduction in the Company's total investment in properties operated by Sun. During the third quarter of 1999, the Company further reduced its investment in properties operated by Sun by terminating the lease on two properties and acquiring four properties for the amount of debt that was outstanding. These six properties have, in turn, been leased to LTC Healthcare, Inc. As a result, at September 30, 1999, Sun operated 44 facilities representing 12.7% ($115.5 million) of the Company's gross real estate investment portfolio. Subsequent to September 30, 1999, Sun filed for Chapter 11 bankruptcy protection. As of November 5, 1999, all rent and principal and interest payments due from Sun are current.

At March 31, 1999, the Company had mortgage loans to Retirement Group, L.L.C. ("Retirement Group") secured by three skilled nursing facilities with an aggregate outstanding principal balance of $8.5 million. In addition, the mortgage loans securing the 1998-1 REMIC pool included one mortgage loan to Retirement Group secured by two skilled nursing facilities with an outstanding principal balance of $8.6 million. Retirement Group had leased the properties securing the loans to Sun who, due to a dispute between Sun and Retirement Group, was offsetting the lease payments due to Retirement Group against

certain alleged obligations of Retirement Group to Sun. Since Retirement was not receiving the lease payments from Sun they were not making the mortgage payments due to the Company or the 1998-1 REMIC pool. The Company initiated foreclosure proceedings against Retirement Group; however, in May 1999, Retirement Group filed a petition for Chapter 11 bankruptcy and the bankruptcy court placed a temporary stay on the foreclosure proceedings. Subsequently, the Company and Retirement Group entered into a stipulation whereby, upon confirmation of a plan of reorganization by the bankruptcy court, Retirement Group will pay all unpaid post-petition interest and all unpaid pre-petition interest will be paid equally over 12 months beginning in January 2000. The Company anticipates that the plan of reorganization will be confirmed by the bankruptcy court during the fourth quarter of 1999. Concurrent with the stipulation entered into between the Company and Retirement Group, Retirement Group terminated the leases with Sun and the properties are now operated by another long-term care provider. Retirement Group resumed principal and interest payments beginning September 1, 1999.

At June 30, 1999, the Company leased two skilled nursing facilities and one assisted living facility with a total gross book value of $8.2 million to Newcare Health Corp ("Newcare") and had mortgage loans to Newcare secured by three skilled nursing facilities with an aggregate outstanding balance of $11.9 million. On June 22, 1999, Newcare filed for Chapter 11 bankruptcy. On September 30, 1999, in an auction held by the bankruptcy court, the Company purchased the three skilled nursing facilities for the amount of the outstanding mortgage loans which were in turn leased to Healthcare.

The regulatory and reimbursement environments in which nursing home and assisted living companies operate have experienced significant adverse changes in recent months. Given the negative impact of these changes on the financial performance of operators of nursing homes and assisted living facilities, the Company intends to closely review its real estate investment portfolio for possible impairment during the fourth quarter of 1999.

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 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 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):

<TABLE>
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	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Net income available to common stockholders	$ 8,174	$ 3,537	$ 26,054	$ 29,212
Real estate depreciation	3,256	3,942	9,799	9,423
Real estate depreciation included in equity earnings	-	90	-	90
Gain on sale of real estate investments	-	(1,738)	-	(9,926)
Unrealized loss on REMIC Certificates	-	6,481	-	6,578
FFO available to common stockholders	$ 11,430	$ 12,312	$ 35,853	$ 35,377
Basic FFO per share	$ 0.42	$ 0.44	$ 1.31	$ 1.32
Diluted FFO per share	$ 0.42	$ 0.43	$ 1.28	$ 1.28

</TABLE>

YEAR 2000

Currently many computer programs assume the first two digits of a year are "19" and simply identify a year by the last two digits. It is widely anticipated that, beginning in the year 2000 when the first two digits of a year are "20" rather than "19", these computer programs will incorrectly identify the year (i.e. the year 2000 will be incorrectly identified as 1900). Such miscalculations could result in the disruption of operations that are reliant on these computer programs. Computer programs that identify a year by four digits are deemed to be year 2000 compliant. The statements in this section include year 2000 readiness disclosure within the meaning of the Year 2000 Information and Readiness Disclosure Act of 1998.

STATUS OF THE COMPANY'S INFORMATION TECHNOLOGY SYSTEMS AND NON-INFORMATION TECHNOLOGY SYSTEMS. Our primary use of information technology systems is its internal accounting and information management software (collectively the "Systems"). We have evaluated the Systems to assess whether they will function properly with respect to dates in the year 2000 and beyond. Systems that were determined to be non-compliant with the year 2000 and beyond have been upgraded or replaced. The total cost associated with modifications required to become year 2000 compliant was not material to our financial position, results of operations or liquidity. Due to our limited reliance on complex Systems, we believe the year 2000 issue, as it relates to its internal Systems, will not have a material adverse effect upon our financial position, results of operations or liquidity.

We will also have year 2000 exposure in non-information technology areas as it relates to owned properties and our leased corporate offices. There is a risk that embedded chips in elevators, security systems, electrical systems and similar technology-driven devices may stop functioning on January 1, 2000. All of our owned properties are leased under triple-net leases and as such, the cost to repair any of these items will be paid by the lessee. While any disruption in services at our corporate offices due to failure of non-information technology systems may be inconvenient and disruptive to day-to-day activities, it is not expected to have a material adverse effect on our financial position, results of operations or liquidity.

EXPOSURE TO THIRD PARTY YEAR 2000 ISSUES. We depend upon the following third parties: our tenants and borrowers for rents and cash flows; our financial institutions for availability of working capital and capital markets financing; and our transfer agent to maintain and track investor information. If our primary tenants or borrowers are not year 2000 compliant, or if they face disruptions in their cash flows due to year 2000 issues, we could face significant temporary disruptions in our cash flows after that date. These disruptions could be compounded if the commercial banks that process our cash receipts and disbursements are not year 2000 compliant. If there are significant disruptions to the capital markets

as a result of year 2000 issues, our ability to access the capital markets to fund investments could be impaired.

Neither we nor our lessees or mortgagors can be assured that the federal and state governments, upon which our lessees rely for Medicare and Medicaid revenue, will be in compliance in a timely manner. The General Accounting Office has reported that the Health Care Financing Administration, which runs Medicare, is behind schedule in taking steps to deal with the year 2000 issue and that it is highly unlikely that all of the Medicare systems will be compliant in time to ensure the delivery of uninterrupted benefits and services into the year 2000. The General Accounting Office has also reported that, based upon its survey of the states, the District of Columbia and three territories, less than 16% of the automated systems used by state and local government to administer Medicaid are reported to be year 2000 compliant. Due to the general uncertainty surrounding the readiness of third-party tenants and other third-parties, including the federal and state governments, with which our lessees do business, we are unable at this time to determine whether non-compliance with the year 2000 issue by third-parties will have a material impact on our financial position, results of operations or liquidity.

CONTINGENCY PLAN. In the event we experience a significant disruption in cash receipts due to the a delay in Medicare or Medicaid receipts by our tenants or due to other year 2000 non-compliance issues, we would seek additional liquidity from our lenders and slow our investment activity.

Readers are cautioned that forward-looking statements contained in the above discussion regarding year 2000 compliance should be read in conjunction with the disclosure under the heading "-Statement Regarding Forward Looking Disclosure" set forth below.

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 of those terms. 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 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 affecting real estate investment trusts. Exhibit 99 to our Annual Report on Form 10-K contains a more comprehensive discussion of risks and uncertainties associated with our business.

PART II

LTC PROPERTIES, INC.

OTHER INFORMATION

SEPTEMBER 30, 1999

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

27 Financial Data Schedule

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 September 30, 1999.

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: November 15, 1999

By: /s/ JAMES J. PIECZYNSKI

James J. Pieczynski
President and Chief Financial Officer

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM LTC PROPERTIES, INC.'S QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 1999 FILED HEREWITH AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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