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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 June 30, 1998

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 August 7, 1998 - 27,642,302

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LTC PROPERTIES, INC.

FORM 10-Q

JUNE 30, 1998

INDEX

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

<TABLE>
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	June 30, 1998	December 31, 1997
	(Unaudited)	
<S>	<C>	<C>
ASSETS		
Real Estate Investments:		
Buildings and improvements, net of accumulated depreciation and amortization: 1998 - $24,548; 1997 - $20,042	$ 417,200	$ 282,582
Land	21,199	16,246
Mortgage loans receivable held for sale, net of allowance for doubtful accounts: 1998 - $1,000; 1997 - $1,000	160,544	254,094
REMIC Certificates, at estimated fair value	107,558	87,811
Real estate investments, net	706,501	640,733
Other Assets:		
Cash and cash equivalents	3,063	4,974
Debt issue costs, net	2,895	3,733
Interest receivable	3,667	3,862
Investment in and advances to LTC Healthcare, In	6,960	-
Prepaid expenses and other assets	3,157	3,362
	19,742	15,931
Total assets	$ 726,243	$ 656,664
LIABILITIES AND STOCKHOLDERS' EQUITY		
Convertible subordinated debentures due 1999 - 2004	$ 60,236	$ 91,823
Bank borrowings	115,000	87,500
Mortgage loans and notes payable	84,994	56,785
Bonds payable and capital lease obligations	17,698	13,616
Accrued interest	3,821	4,453
Accrued expenses and other liabilities	6,107	4,429
Distributions payable	985	772
Total liabilities	288,841	259,378
Minority interest	14,662	11,159
Commitments		
Stockholders' equity:		
Preferred stock $0.01 par value: 10,000,000 shares authorized; shares issued and outstanding: 1998 - $5,080,000; 1997 - 5,080,000	127,000	127,000
Common stock: $0.01 par value; 40,000,000 shares authorized; shares issued and outstanding: 1998 - 27,636,786, 1997 - 25,025,003	272	250
Capital in excess of par value	310,699	277,732
Notes receivable from stockholders	(11,304)	(9,429)
Cumulative net income	139,261	107,677
Cumulative distributions	(143,188)	(117,103)
Total stockholders' equity	422,740	386,127
Total liabilities and stockholders' equity	$ 726,243	$ 656,664

</TABLE>

SEE ACCOMPANYING NOTES

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

<TABLE>
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	Three Months Ended June 30,	Six Months Ended June 30,

	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Revenues:				
Rental income	$ 10,581	$ 7,561	$ 19,647	$ 13,875
Interest income from mortgage loans	5,963	6,345	13,139	12,488
Interest income from REMIC Certificates	4,364	3,731	7,743	7,447
Interest and other income	1,671	478	3,269	792
Total revenues	22,579	18,115	43,798	34,602
Expenses:				
Interest expense	5,891	5,632	11,533	11,339
Depreciation and amortization	2,815	2,225	5,481	4,144
Amortization of Founders' stock	-	12	-	31
Minority interest	408	297	728	594
Operating and other expenses	1,422	1,006	2,564	1,945
Total expenses	10,536	9,172	20,306	18,053
Operating income	12,043	8,943	23,492	16,549
Other Income:				
Unrealized gain (loss) on REMIC Certificates	(153)	872	(97)	(200)
Gain on sale of real estate	8,188	-	8,188	-
Other income, net	-	111	-	111
Total other income	8,035	983	8,091	(89)
Net income	20,078	9,926	31,583	16,460
Preferred dividends	(2,954)	(1,828)	(5,908)	(2,255)
Net income available to common stockholders	$ 17,124	$ 8,098	$ 25,675	$ 14,205
Net Income per Common Share:				
Basic net income per common share	$ 0.64	$ 0.35	$ 0.97	$ 0.63
Diluted net income per common share	$ 0.59	$ 0.35	$ 0.93	$ 0.62

</TABLE>

SEE ACCOMPANYING NOTES

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

	Six Months Ended June 30, 1998	Six Months Ended June 30, 1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 31,583	$ 16,460
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,481	4,175
Gain on sale of real estate	(8,188)	-
Unrealized holding (gain) loss on estimated fair value of REMIC Certificates	97	200
(Gain) loss on sale of REMIC Certificates	-	(1,231)
Vesting of restricted stock	-	1,120
Other non-cash charges	648	976
Net change in other assets and liabilities	1,919	393
Net cash provided by operating activities	31,540	$ 22,093
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of preferred stock, net	-	73,800
Proceeds from issuance of common stock, net	-	17,349
Borrowings under the lines of credit	161,000	150,770
Repayments of bank borrowings	(133,500)	(126,170)
Principal payments on mortgage loans payable and capital lease obligations	(4,676)	(825)
Distributions paid	(25,872)	(24,554)
Other	(316)	(908)
Net cash provided by (used in) financing activities	(3,364)	89,462
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Investment in real estate mortgages	(18,256)	(66,088)
Acquisitions of real estate properties, net	(125,880)	(56,356)
Proceeds from the sale of REMIC Certificates, net	109,089	11,811
Sale of real estate properties	11,600	-
Principal payments on mortgage loans receivable	982	2,854
Investment in and advances to LTC Healthcare, Inc.	(6,960)	-
Other	(662)	(1,030)
Net cash used in investing activities	(30,087)	(108,809)

Increase (decrease) in cash and cash equivalents	(1,911)	2,746
Cash and cash equivalents, beginning of period	4,974	3,148
Cash and cash equivalents, end of period	$ 3,063	$ 5,894
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 11,301	$ 9,703
Non-cash investing and financing transactions:		
Conversion of debentures into common stock	$ 31,587	$ 31,161
Notes receivable relating to exercise of employee stock options	2,088	7,631
Assumption of mortgage loans payable for acquisitions of real estate properties	11,224	-
Conversion of mortgage loans into owned properties	7,301	11,545
Minority interest related to acquisitions of real estate properties	3,432	-

</TABLE>

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 six months ended June 30, 1998 and 1997 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 six months ended June 30, 1998 and 1997 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 which is distributed to its stockholders.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES" which is effective for fiscal years beginning after June 15, 1999. SFAS No. 133 requires that all derivatives be recorded at fair value with the changes in fair value or cash flows of the hedge and the hedged item being recognized as a component of earnings in the current period. The Company will adopt the accounting and disclosure provisions of SFAS No. 133 effective January 1, 2000. As of June 30, 1998, the Company had no outstanding derivatives therefore, adoption of SFAS No. 133 would have no impact on the Company's financial statements or related disclosures.

2. REAL ESTATE INVESTMENTS

MORTGAGE LOANS. During the six months ended June 30, 1998, the Company invested $12,750,000 in mortgage loans secured by five skilled nursing facilities with 510 beds and $5,152,000 (net of construction funding) in mortgage loans on three ALFs for which the Company had previously provided construction financing. In addition, sale/lease-back financing was provided on six assisted living facilities that were previously financed with construction loans of approximately $7,301,000 and an additional $354,000 of financing was provided on ALFs under construction.

OWNED PROPERTIES. During the six months ended June 30, 1998, the Company acquired seven skilled nursing facilities with a total of 821 beds and 22 ALFs with a total of 1,447 units for approximately $132,600,000. Included in this amount were six assisted living facilities with 260 units that were purchased for approximately $9,877,000 net of the construction loans of $7,301,000 discussed above. Three of the skilled nursing facilities were acquired through the formation of a limited partnership and are encumbered by minority interests of approximately $3,432,000. One ALF and five of the skilled nursing facilities, including two of the skilled nursing facilities acquired through the partnership, were purchased subject to mortgage loans of approximately $11,224,000.

After a careful ongoing study of the child-care and education industry, during the six months ended June 30, 1998, the Company invested approximately $7,936,000 in two private schools and one charter school. These schools are leased to a publicly-traded company engaged in the operation of private and charter schools from pre-school through twelfth grade. The terms of the Company's existing line of credit allow the Company to invest up to $20.0 million in investments other than long-term care. There can be no assurance that the Company will continue to invest in private or charter schools or that the Company's financing institutions will approve investments in excess of $20.0 million in this industry.

During June 1998, the Company sold a skilled nursing facility with 278 beds located in Montana for gross proceeds of approximately $11,600,000. The Company's initial and net investment in this facility was approximately $3,831,000 and $3,000,000, respectively. In connection with the sale, proceeds of approximately $4,271,000 were used to repay an outstanding mortgage loan secured by the facility. The mortgage loan was payable to the pool of mortgage loans securing the Company's investment in REMIC Certificates. The remaining proceeds were used to repay borrowings outstanding under the Company's line of credit. The Company recognized a gain of approximately $8,188,000 on the sale of this facility.

REMIC CERTIFICATES. During May 1998, the Company completed the securitization of approximately $129,300,000 of mortgage loans with a weighted average interest rate of 10.2% and $26,400,000 face amount ($20,700,000 carrying value) of subordinated certificates, retained from a securitization completed in 1993, with an interest rate of 9.78% on the face value (15.16% on the amortized cost) (the "1998-1 Pool"). As part of the securitization, the Company sold approximately $121,400,000 face amount of senior certificates at a weighted average pass-through rate of 6.3% and retained $34,300,000 face amount of subordinated certificates along with the interest only certificates. The subordinated and interest only certificates retained by the Company had an aggregate fair value of approximately $41,400,000 at the time of the securitization and a weighted average effective yield of 19.7%. Included in the 1998-1 Pool were 40 mortgage loans, including mortgage loans of approximately $25,741,000 with a weighted average interest rate of approximately 8.7% provided to wholly owned subsidiaries and limited partnerships of the Company. Net proceeds of approximately $109,089,000 from the above securitization were used to repay borrowings outstanding under the Company's line of credit.

As of June 30, 1998, the outstanding certificate principal balance and the weighted average pass-through rate for the senior REMIC Certificates (all held by outside third parties) was $304,940,000 and 7.29%. As of June 30, 1998, the face value and the estimated fair value of the subordinated REMIC Certificates held by the Company was $82,662,000 and $107,558,000, respectively. 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 18.0% at June 30, 1998.

COMMITMENTS. As of August 7, 1998, the Company had outstanding commitments aggregating approximately $175,300,000 of which $51,200,000 and $50,000,000 are due to expire in 1999 and 2000, respectively.

INVESTMENTS COMPLETED SUBSEQUENT TO JUNE 30, 1998. Subsequent to June 30, 1998, the Company completed investments in mortgage loans of approximately $6,500,000 and owned properties of approximately $3,700,000.

3. LTC HEALTHCARE, INC.

On May 20, 1998, the Company announced its intention to spin-off LTC Healthcare, Inc. ("Healthcare"), a recently formed entity in which the Company owns a 99% non-voting common stock interest. In connection with the spin-off, Healthcare filed an information statement with the Securities and Exchange Commission on May 20, 1998 and a pre-effective amendment was filed on July 21, 1998.

After the information statement is declared effective and subject to approval by the boards of directors of the Company and Healthcare and satisfaction of cretain other conditions, the Company plans to effect the spin-off through a dividend to its stockholders of all Healthcare common stock held by the Company (the "Distribution"). Simultaneously with the Distribution, the Company's interest in non-voting common stock of Healthcare will be converted into voting common stock. The Distribution is expected to consist of 1/10 share of Healthcare voting common stock for each share of the Company's common stock held on the record date (to be determined). Upon completion of the spin-off, Healthcare will operate as a separate publicly-traded company. The Company's stockholders will not be required to pay for any shares of Healthcare common stock received in the Distribution, to vote on or approve the Distribution, or to take any other action to receive such shares. The Company currently anticipates the completion of the spin-off to occur during the third quarter of 1998.

Healthcare was organized to create and realize value by identifying and making opportunistic real estate, health care and other investments that either cannot be made by the Company because of REIT status limitations or which are outside of the Company's investing profile from a leverage perspective. Healthcare intends to make such investments through the direct acquisition, development, financing and operation of real properties and/or participation in these activities through the purchase of debt instruments or equity interests of entities primarily engaged in the health care or real estate business. Prior to the spin-off, the Company will transfer to Healthcare certain equity investments, real properties and related assets and liabilities held by the Company with an estimated aggregate net fair value of approximately $20.0 million. Following the spin-off, the executive officers of the Company will continue to manage both the Company and Healthcare. The Company will continue to operate as a REIT following the spin-off, continuing to focus primarily on investing in long-term care and other health care-related facilities through mortgage loans, facility lease transactions and other investments.

The Company and Healthcare anticipate entering into various agreements which, among other things, will provide for the Company to have a right of first opportunity for all real estate investments identified by management, will provide for administrative services (the "Administrative Services Agreement") and will provide for an unsecured line of credit. Under the Administrative Services Agreement, the Company will provide management and administrative services to Healthcare, including the ability to use the services of the Company's employees in connection with Healthcare's business. In exchange for these administrative services, Healthcare will pay the Company a monthly

fee equal to 25% of all wages, salaries and bonuses paid to the Company's employees. The Company will also provide Healthcare with a $20.0 million unsecured line of credit bearing interest at 10.0% and maturing in March 2008.

As of June 30, 1998, the Company had an equity investment of approximately $2,000,000 in Healthcare and had advanced Healthcare approximately $4,960,000 under the unsecured line of credit.

4. DEBT OBLIGATIONS

BANK BORROWINGS. As of June 30, 1998, $115,000,000 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. The Revolving Credit Facility pricing varies between LIBOR plus 1.25% and LIBOR plus 1.5% depending on the Company's leverage ratio. Currently the pricing is LIBOR plus 1.25%. The Revolving Credit Facility contains financial covenants including, but not limited to, maximum leverage ratios, minimum debt service coverage ratios, cash flow coverage ratios and minimum consolidated tangible net worth.

CONVERTIBLE SUBORDINATED DEBENTURES. On May 20, 1998, the Company announced that on July 1, 1998 it was redeeming all of its outstanding 8.5% Convertible Subordinated Debentures due 2000 (the "8.5% Debentures") and all of its outstanding 9.75% Convertible Subordinated Debentures due 2004 (the "9.75% Debentures"). Including conversions made in connection with the redemption of the 8.5% Debentures and the 9.75% Debentures, during the six months ended June 30, 1998, holders of approximately $31,587,000 in principal amount of convertible subordinated debentures elected to convert the debentures into 2,073,283 shares of common stock at prices ranging from $10.00 to $17.25 per share. On July 1, 1998, the Company redeemed the outstanding $90,000 principal amount of 8.5% Debentures and $20,000 principal amount of 9.75% Debentures. On July 1, 1998, subsequent to the conversion and redemption of debentures discussed above, the Company had $60,126,000 principal amount of convertible subordinated debentures outstanding which were convertible into 3,722,037 shares of common stock.

Subsequent to June 30, 1998, an additional $92,000 in principal amount of convertible subordinated debentures converted into 5,516 shares of the Company's common stock at prices ranging from $15.50 to $17.25 per share.

MORTGAGE LOANS PAYABLE. During the six months ended June 30, 1998, the Company acquired five skilled nursing facilities that were subject to mortgage loans of approximately $7,018,000. These mortgage loans have a current weighted average interest rate of 12%, are due in September 2002 and are payable to a REMIC formed by the Company in 1993.

During 1998, the Company provided non-recourse mortgage loans of approximately $11,826,000 to a wholly owned subsidiary and a newly formed limited partnership. In May 1998, the Company completed a securitization transaction that included loans provided to wholly owned subsidiaries and limited partnerships of the Company of approximately $25,741,000. Such loans included $11,826,000 of loans originated in 1998 and approximately $13,915,000 of loans originated in 1996.

BONDS PAYABLE AND CAPITAL LEASE OBLIGATIONS. During May 1998, the Company acquired a skilled nursing facility subject to a multi-unit housing tax-exempt revenue bond LTC PROPERTIES, INC. of approximately $4,206,000. The bond bears interest at 10.9% and matures in 2025.

5. STOCKHOLDERS EQUITY

During 1998, the Company made loans under the Company's option loan program totaling $2,088,000 to management and directors for the exercise of options for 146,500 shares of the Company's common stock. At June 30, 1998, loans of $11,304,000 were outstanding to management and directors bearing interest at rates ranging from 5.77% to 6.63% per annum. These loans are secured by a pledge of the shares of common stock acquired through the exercise of options and are full recourse to the borrower. The market value of the common stock securing these loans was approximately $15,515,000 at June 30, 1998.

6. DISTRIBUTIONS

During the three months ended June 30, 1998, the Company declared and paid cash dividends on the Series A Preferred Stock and Series B Preferred Stock totaling $1,829,000 and $1,125,000, respectively. During the six months ended June 30, 1998, the Company declared and paid cash dividends on the Series A Preferred Stock of $3,658,000. During the six months ended June 30, 1998, the Company declared and paid cash dividends on the Series B Preferred Stock totaling $2,250,000 and $2,037,000, respectively. Dividends paid on the Series B Preferred Stock represent a partial period dividend of $.0813 per share for the period from December 18 through December 31, 1997 and the regular monthly dividend of $.1875 per share for subsequent periods.

The Company's Board of Directors authorized an increase in the regular quarterly dividend to $.39 per share beginning in the second quarter of 1998. During the three months and six months ended June 30, 1998, the Company declared and paid cash dividends on its common stock totaling $10,512,000 and $20,177,000, respectively. Dividends declared and paid on the Company's common stock represent the regular quarterly dividend of $.365 per share for the quarter ended March 31, 1998 and $0.39 per share for the quarter ended June 30, 1998.

6. INTEREST RATE SWAP AGREEMENTS

As of December 31, 1997, the Company was party to a seven-year forward interest rate swap agreement under which the Company was credited interest at the six month LIBOR and incurred interest at a fixed rate of 6.655% on a notional amount of $60,000,000 and a Treasury lock agreement whereby the Company locked into a rate of 6.484% on the seven year Treasury Note Rate on a notional amount of $65,000,000. As of December 31, 1997, these agreements were accounted for as hedges and were entered into to minimize the Company's exposure to interest rate risk on mortgage loans that the Company intended to transfer to a REMIC trust. In May 1998, the interest rate swap and Treasury lock agreements were terminated in connection with the completion of the securitization transaction and the Company made an aggregate payment of approximately $5,000,000 that was included in the cost of the recently completed securitization transaction. See "Note 2. Real Estate Investments -REMIC CERTIFICATES."

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 JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Net income	$20,078	$9,926	$31,583	$16,460
Preferred dividends	(2,954)	(1,828)	(5,908)	(2,255)
Net income for basic net income per share	17,124	8,098	25,675	14,205
Effect of dilutive securities:				
7.75% convertible debentures due 2002	152	255	322	-
8.50% convertible debentures due 2001	537	833	1,138	-
8.50% convertible debentures due 2000	366	482	764	-
9.75% convertible debentures due 2004	15	11	28	21
8.25% convertible debentures due 1999	215	205	430	-
8.25% convertible debentures due 2001	440	-	906	-
Convertible partnership units	374	-	657	-
Net income for diluted net income per share	$19,223	$9,884	$29,920	$14,226
Shares for basic net income per share	26,763	22,991	26,395	22,571
Effect of dilutive securitites:				
Stock options	4	294	21	294
7.75% convertible debentures due 2002	457	742	476	-

8.50% convertible debentures due 2001	1,491	2,368	1,589	-
8.50% convertible debentures due 2000	835	1,434	1,009	-
9.75% convertible debentures due 2004	49	82	52	83
8.25% convertible debentures due 1999	645	645	645	-
8.25% convertible debentures due 2001	1,134	-	1,167	-
Convertible partnership units	950	-	912	-
Shares for diluted net income per share	32,328	28,556	32,266	22,948
Basic net income per share	$0.64	$0.35	$0.97	$0.63
Diluted net income per share	$0.59	$0.35	$0.93	$0.62

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OPERATING RESULTS

THREE MONTHS ENDED JUNE 30, 1998 COMPARED TO THREE MONTHS ENDED JUNE 30, 1997

Revenues for the three months ended June 30, 1998 increased approximately 25% to $22,579,000 from $18,115,000 for the same period in 1997. The increase in revenues resulted from increased rental income of $3,020,000, increased interest income from REMIC certificates of $633,000 and an increase in interest and other income of $1,193,000. Partially offsetting the above increases was a decrease of approximately $382,000 in interest income on mortgage loans.

Rental income increased $2,028,000 as a result of property acquisitions completed during the later part of 1997 and $1,819,000 due to the property acquisitions completed during the first six months of 1998. "Same-store" rents increased $138,000 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 was a decrease of $965,000 resulting from the sale of properties in the later part of 1997. The increase in interest income from REMIC certificates and the decrease in interest income on mortgage loans is the result of the completion of a securitization transaction in May 1998. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -Liquidity and Capital Resources." Increased interest and other income for 1998 resulted primarily from interest income on notes receivable from stockholders and increased commitment fees.

Total expenses for the three months ended June 30, 1998 were 47% of revenues compared to 51% for the same period in 1997. The decrease is primarily due to a reduction in interest expense as a percent of net revenues that resulted from the conversion of subordinated debentures during 1997 and 1998 and the utilization of equity to fund financing activities in 1997. Depreciation and amortization increased as a result of a larger investment base in owned properties in 1998 as compared to 1997. The increase in operating and other expenses is due to increased salaries and benefits attributable to an increase in full time employees.

Other income for the three months ended June 30, 1998 includes a gain of approximately $8,188,000 on the sale of a skilled nursing facility with 278 beds located in Montana. Offsetting the increase in other income attributable to the gain on the sale of real estate was a decrease in the estimated fair value of REMIC Certificates which resulted in an unrealized loss of $153,000 during the current period as compared to the prior period's unrealized gain of $872,000.

During the three months ended June 30, 1998, the Company declared dividends of $2,954,000 representing a full quarter of dividends on its Series A Cumulative Preferred Stock issued in March 1997 and its Series B Cumulative Preferred Stock issued in December 1997. Dividends declared during the three months ended June 30, 1997 represent a full quarter of dividends on the Series A Cumulative Preferred Stock issued in March 1997.

As a result of the changes in revenues and expenses discussed above, net income available to common shareholders increased $9,026,000 to $17,124,000 for the three months ended June 30, 1998 from $8,098,000 for the same period in 1997.

SIX MONTHS ENDED JUNE 30, 1998 COMPARED TO SIX MONTHS ENDED JUNE 30, 1997

Revenues for the six months ended June 30, 1998 increased approximately 27% to $43,798,000 from $34,602,000 for the same period in 1997. The increase in revenues resulted from increased rental income of $5,772,000, increased interest income on mortgage loans of $651,000, increased interest income from REMIC certificates of $296,000 and an increase in interest and other income of $2,477,000.

Rental income increased $4,299,000 as a result of property acquisitions completed during the later part of 1997 and $2,244,000 due to the property acquisitions completed during the first six months of 1998. "Same-store" rents increased $275,000 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 was a decrease of $1,046,000 resulting from the sale of properties in the later part of 1997. The increase in interest income on mortgage loans resulted from a higher average mortgage investment base in 1998 compared to 1997. Somewhat offsetting the increase in interest income from mortgage loans was a decrease related to the completion of a securitization transaction in May 1998. The completion of the above securitization transaction also accounted for the increase in interest income from REMIC certificates. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -Liquidity and Capital Resources." Increased interest and other income for 1998 resulted primarily from interest income on notes receivable from stockholders and increased commitment fees.

Total expenses for the six months ended June 30, 1998 were 46% of net revenues compared to 52% for the same period in 1997. The decrease is primarily due to a reduction in interest expense as a percent of net revenues that resulted from the conversion of subordinated debentures during 1997 and 1998 and the utilization of equity to fund financing activities in 1997. Depreciation and amortization increased as a result of a larger investment base in owned properties in 1998 as compared to 1997. The increase in operating and other expenses is due to increased salaries and benefits attributable to an increase in full time employees.

Other income for the six months ended June 30, 1998 includes a gain of approximately $8,188,000 on the sale of a skilled nursing facility with 278 beds located in Montana.

During the six months ended June 30, 1998, the Company declared dividends of $5,908,000 representing the regular monthly dividend on its Series A Cumulative Preferred Stock issued in March 1997 and its Series B Cumulative Preferred Stock issued in December 1997. Dividends declared during the six months ended June 30, 1997 represent a partial dividend for the month of March 1997 and the regular monthly dividend for April 1997 through June 1997 on the Series A Cumulative Preferred Stock issued in March 1997.

As a result of the changes in revenues and expenses discussed above, net income available to common shareholders increased $11,470,000 to $25,675,000 for the six months ended June 30, 1998 from $14,205,000 for the same period in 1997.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 1998, the Company's real estate investment portfolio consisted of approximately $462,947,000 invested primarily in owned skilled nursing and assisted living facilities (before accumulated depreciation of $24,548,000), approximately $161,544,000 invested in mortgage loans (before allowance for doubtful accounts of $1,000,000) and approximately $107,558,000 invested in REMIC Certificates. As of June 30, 1998, the outstanding certificate principal balance and the weighted average pass-through rate for the senior REMIC Certificates (all held by outside third parties) was $304,940,000 and 7.29%. As of June 30, 1998, the face value and the estimated fair value of the subordinated REMIC Certificates held by the Company was $82,662,000 and $107,558,000, respectively. 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 18.0% at June 30, 1998. The Company's portfolio consists of 279 skilled nursing facilities, 92 assisted living facilities and three schools in 37 states.

During the six months ended June 30, 1998, the Company completed approximately $158,792,000 in new investments consisting of approximately $18,256,000 in mortgage loans and approximately $140,536,000 in owned properties. The Company financed its investments through the assumption of mortgage loans and bonds of $11,224,000 bearing interest at a weighted average rate of 11.6%, issuance of $3,432,000 in minority interests, proceeds from its recently completed securitization transaction discussed below, short-term borrowings and cash on hand.

During June 1998, the Company sold a skilled nursing facility with 278 beds located in Montana for gross proceeds of approximately $11,600,000. The Company's initial and net investment in this facility was approximately $3,831,000 and $3,000,000, respectively. In connection with the sale, proceeds of approximately $4,271,000 were used to repay an outstanding mortgage loan secured by the facility. The mortgage loan was payable to the pool of mortgage loans securing the Company's investment in REMIC Certificates. The remaining proceeds were used to repay borrowings outstanding under the Company's line of credit. The Company recognized a gain of approximately $8,188,000 on the sale of this facility.

During May 1998, the Company completed the securitization of approximately $129,300,000 of mortgage loans with a weighted average interest rate of 10.2% and $26,400,000 face amount ($20,700,000 carrying value) of subordinated certificates, retained from a securitization completed in 1993, with an interest rate of 9.78% on the face value (15.16% on the amortized cost) (the "1998-1 Pool"). As part of the securitization, the Company sold approximately $121,400,000 face amount of senior certificates at a weighted average pass-through rate of 6.3% and retained $34,300,000 face amount of subordinated certificates along with the interest only certificates. The subordinated and interest only certificates retained by the Company had an aggregate fair value of approximately $41,400,000 at the time of the securitization and a weighted average effective yield of 19.7%. Included in the 1998-1 Pool were 40 mortgage loans, including mortgage loans of approximately $25,741,000 with a weighted average interest rate of approximately 8.7% provided to wholly owned subsidiaries and limited partnerships of the Company. Net proceeds of approximately $109,089,000

from the above securitization were used to repay borrowings outstanding under the Company's line of credit.

On May 20, 1998, the Company announced that on July 1, 1998 it was redeeming all of its outstanding 8.5% Convertible Subordinated due 2000 (the "8.5% Debentures") and all of its outstanding 9.75% Convertible Subordinated Debentures due 2004 (the "9.75% Debentures"). Including conversions made in connection with the redemption of the 8.5% Debentures and the 9.75% Debentures, during the six months ended June 30, 1998, holders of approximately $31,587,000 in principal amount of convertible subordinated debentures elected to convert the debentures into 2,073,283 shares of common stock at prices ranging from $10.00 to $17.25 per share. On July 1, 1998, the Company redeemed the outstanding $90,000 principal amount of 8.5% Debentures and $20,000 principal amount of 9.75% Debentures. On July 1, 1998, subsequent to the conversion and redemption of debentures discussed above, the Company had $60,126,000 principal amount of convertible subordinated debentures outstanding which were convertible into 3,722,037 shares of common stock.

As of June 30, 1998, $115,000,000 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. The Revolving Credit Facility pricing varies between LIBOR plus 1.25% and LIBOR plus 1.5% depending on the Company's leverage ratio. Currently the pricing is LIBOR plus 1.25%.

Subsequent to June 30, 1998, the Company completed investments totaling $10,200,000. As of August 7, 1998, the Company had outstanding commitments aggregating approximately $175,300,000 of which $51,200,000 and $50,000,000 are due to expire in 1999 and 2000, respectively.

The Company believes that its current cash from operations available for distribution or reinvestment, its borrowing capacity 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.

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 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.

PART II

LTC PROPERTIES, INC.

OTHER INFORMATION

JUNE 30, 1998

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

LTC Properties, Inc. held its Annual Meeting of Stockholders (the "Meeting") on May 19, 1998, at which the Company's stockholders voted: (i) to elect the nominated board of five directors for the ensuing year or until the election and qualification of their respective successors; and (ii) to adopt the Company's 1998 Equity Participation Plan.

Holders of record of the Company's common stock as of the close of business on March 31, 1998 were entitled to vote at the Meeting. As of the close of business on March 31, 1998, there were 26,723,955 shares of common stock outstanding and entitled to vote and 24,609,251 of such shares were represented at the Meeting. Each of the directors received 86.7% of the shares cast in favor of his or her election and the Company's 1998 Equity Participation Plan received 67.3% of the shares cast in favor of adoption.

The shares cast for each director were as follows: Andre C. Dimitriadis: 23,161,312 for and 1,447,939 withheld; James J. Pieczynski: 23,161,472 for and 1,447,779 withheld; Edmund C. King: 23,167,129 for and 1,442,122 withheld; Wendy L Simpson; 23,164,435 for and 1,444,816 withheld; and Sam Yellen: 23,159,366 for and 1,449,885 withheld. With respect to the adoption of the Company's 1998 Equity Participation Plan, the shares cast were 17,988,855 for, 6,403,025 against, and 217,371 withheld.

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 June 30, 1998.

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: August 12, 1998

By: /s/ JAMES J. PIECZYNSKI

James J. Pieczynski
President and Chief Financial Officer

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