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

FORM 8-K

**CURRENT REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of report: **August 7, 2012**
(Date of earliest event reported)

LTC PROPERTIES, INC.

(Exact name of Registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

1-11314
(Commission file number)

71-0720518
(I.R.S. Employer
Identification No)

2829 Townsgate Road, Suite 350
Westlake Village, CA 91361
(Address of principal executive offices)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. — Results of Operations and Financial Condition

On August 7, 2012, LTC Properties, Inc. announced the operating results for the three and six months ended June 30, 2012. The press release referred to a supplemental information package that is available on LTC's website at www.LTCProperties.com in the "Presentation" section of the "Investor Information" tab. The text of the press release and the supplemental information package are furnished herewith as Exhibits 99.1 and 99.2, respectively, and are specifically incorporated by reference herein.

The information in this Form 8-K and the related information in the exhibits attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section and shall not be incorporated by reference into any filing of LTC under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in any such filing.

Item 9.01. — Financial Statements and Exhibits

(a) Financial Statements of Business Acquired.

None.

(b) Pro Forma Financial Information

None.

(d) Exhibits.

99.1 Press Release issued August 7, 2012.

99.2 LTC Properties, Inc. Supplemental Information Package for the period ending June 30, 2012.

SIGNATURE

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

Dated: August 7, 2012

By: /s/ WENDY L. SIMPSON

Wendy L. Simpson
CEO & President

**FOR IMMEDIATE RELEASE**

For more information contact:
 Wendy L. Simpson
 Pam Kessler
 (805) 981-8655

LTC REPORTS SECOND QUARTER 2012 RESULTS

WESTLAKE VILLAGE, CALIFORNIA, August 7, 2012 — LTC Properties, Inc. (NYSE: LTC) ("LTC" or the "Company") announced operating results for the quarter ended June 30, 2012. The Company reported a 7.8% increase in Funds from Operations ("FFO") to \$17.6 million in the quarter ended June 30, 2012, from \$16.3 million in the comparable 2011 period. FFO per diluted common share was \$0.57 for the quarter ended June 30, 2012, an increase of 7.5% from \$0.53 for the comparable 2011 period. Normalized FFO, which excludes \$0.3 million in non-recurring revenue from the Sunwest Management, Inc. (or Sunwest) bankruptcy settlement distribution, was \$17.3 million in the second quarter of 2012 compared to \$16.5 million in the second quarter of 2011. Normalized FFO per diluted common share was \$0.56 for the second quarter of 2012 compared to \$0.54 for the second quarter of 2011. The increase in normalized FFO and normalized FFO per diluted common share was due to higher revenues resulting primarily from acquisitions partially offset by an increase in interest expense.

FFO for the six months ended June 30, 2012 increased 32.5% to \$34.7 million from \$26.2 million in the comparable 2011 period. FFO per diluted common share for the six months ended June 30, 2012 increased 22.8% to \$1.13 from \$0.92 in the comparable 2011 period. The Company reported a 13.7% increase in normalized FFO to \$34.6 million for the six months ended June 30, 2012, from \$30.4 million from the comparable 2011 period. Normalized FFO per diluted common share was \$1.12 for the six months ended June 30, 2012, an increase of 5.7% from \$1.06 for the comparable 2011 period. Normalized FFO for the six months ended June 30, 2011 excludes a \$3.6 million charge and \$0.5 million accrued dividend related to the Company's redemption of all of its Series F preferred stock. The preferred stock redemption charge is combined with preferred stock dividends in the income statement line item "income allocated to preferred stockholders." The increases in net income available to common stockholders, FFO and FFO per diluted common share were due primarily to higher revenues resulting primarily from acquisitions partially offset by an increase in interest expense and higher weighted average diluted shares outstanding.

Net income available to common stockholders for the quarter ended June 30, 2012 was \$12.2 million or \$0.40 per diluted share. For the same period in 2011, net income available to common stockholders was \$11.3 million or \$0.37 per diluted share. The increases in net income available to common stockholders, FFO and FFO per diluted common share were due primarily to higher revenues from acquisitions partially offset by an increase in interest expense and acquisition costs.

Net income available to common stockholders for the six months ended June 30, 2012 was \$24.2 million or \$0.80 per diluted share. For the same period in 2011, net income available to common stockholders was \$16.7 million or \$0.59 per diluted share which included a \$3.6 million charge and \$0.5 million accrued dividend related to the Company's redemption of all of its Series F preferred stock. The preferred stock redemption charge is combined with preferred stock dividends in the income statement line item "income allocated to preferred stockholders." The increases in net income available to common stockholders, FFO and FFO per diluted common share were due primarily to higher revenues from acquisitions and the Series F preferred stock redemption charge in 2011.

1

Conference Call Information

The Company will conduct a conference call on Tuesday, August 7, 2012, at 10:00 a.m. Pacific time, in order to comment on the Company's performance and operating results for the quarter ended June 30, 2012. The conference call is accessible by dialing 877-317-6789. The international number is 412-317-6789. An audio replay of the conference call will be available from August 7, 2012 through August 22, 2012. Callers can access the replay by dialing 877-344-7529 or 412-317-0088 and entering conference number 10016568. The earnings release will be available on our website. The Company's supplemental information package for the current period will also be available on the Company's website at www.LTCProperties.com in the "Presentations" section of the "Investor Information" tab.

About LTC

At June 30, 2012, LTC had investments in 87 skilled nursing properties, 102 assisted living properties, 14 other senior housing properties, two schools and two parcels of land under development. These properties are located in 30 states. Other senior housing properties consist of independent living properties and properties providing any combination of skilled nursing, assisted living and/or independent living services. The Company is a self-administered real estate investment trust that primarily invests in senior housing and long-term care facilities through facility lease transactions, mortgage loans and other investments. For more information on LTC Properties, Inc., visit the Company's website at www.LTCProperties.com.

Forward Looking Statements

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

2

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

Three Months Ended
 June 30, 2012

Six Months Ended
 June 30, 2012

	2012	2011	2012	2011
	(unaudited)		(unaudited)	
Revenues:				
Rental income	\$ 21,175	\$ 19,337	\$ 42,047	\$ 37,519
Interest income from mortgage loans	1,431	1,613	2,963	3,269
Interest and other income	484	230	720	645
Total revenues	23,090	21,180	45,730	41,433
Expenses:				
Interest expense	2,004	1,543	4,037	2,647
Depreciation and amortization	5,369	4,918	10,536	9,350
Acquisition costs	141	35	182	165
Operating and other expenses	2,433	2,323	4,885	4,637
Total expenses	9,947	8,819	19,640	16,799
Income from continuing operations	13,143	12,361	26,090	24,634
Discontinued operations:				
Loss from discontinued operations	(30)	(99)	(61)	(218)
Gain on sale of assets, net	—	—	16	—
Net loss from discontinued operations	(30)	(99)	(45)	(218)
Net income	13,113	12,262	26,045	24,416
Income allocated to non-controlling interests	(10)	(48)	(21)	(96)
Net income attributable to LTC Properties, Inc.	13,103	12,214	26,024	24,320
Income allocated to participating securities	(91)	(85)	(185)	(174)
Income allocated to preferred stockholders	(818)	(818)	(1,636)	(7,442)
Net income available to common stockholders	\$ 12,194	\$ 11,311	\$ 24,203	\$ 16,704
Basic earnings per common share:				
Continuing operations	\$ 0.40	\$ 0.38	\$ 0.80	\$ 0.60
Discontinued operations	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.01)
Net income available to common stockholders	\$ 0.40	\$ 0.38	\$ 0.80	\$ 0.59
Diluted earnings per common share:				
Continuing operations	\$ 0.40	\$ 0.38	\$ 0.80	\$ 0.60
Discontinued operations	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.01)
Net income available to common stockholders	\$ 0.40	\$ 0.37	\$ 0.80	\$ 0.59
Weighted average shares used to calculate earnings per common share:				
Basic	30,213	30,135	30,201	28,233
Diluted	30,258	30,168	30,246	28,264

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

Supplemental Reporting Measures

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

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

We define AFFO as FFO excluding the effects of straight-line rent and amortization of lease inducement. U.S. GAAP requires rental revenues related to non-contingent leases that contain specified rental increases over the life of the lease to be recognized evenly over the life of the lease. This method results in rental income in the early years of a lease that is higher than actual cash received, creating a straight-line rent receivable asset included in our consolidated balance sheet. At some point during the lease, depending on its terms, cash rent payments exceed the straight-line rent which results in the straight-line rent receivable asset decreasing to zero over the remainder of the lease term. By excluding the non-cash portion of straight-line rental revenue and amortization of lease inducement, investors, analysts and our management can compare AFFO between periods. Normalized AFFO represents FFO adjusted for certain items detailed in the reconciliations and excludes the non-cash portion of straight-line rent and amortization of lease inducement.

We define FAD as AFFO excluding the effects of non-cash compensation charges. FAD is useful in analyzing the portion of cash flow that is available for distribution to stockholders. Investors, analysts and the Company utilize FAD as an indicator of common dividend potential. The FAD payout ratio, which represents annual distributions to

common shareholders expressed as a percentage of FAD, facilitates the comparison of operating performance between REITs. Normalized FAD represents FFO adjusted for certain items detailed in the reconciliations and excludes the non-cash portion of straight-line rent and amortization of lease inducement and non-cash compensation charges.

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

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net income available to common stockholders	\$ 12,194	\$ 11,311	\$ 24,203	\$ 16,704
Add: Depreciation and amortization (continuing and discontinued operations)	5,369	4,987	10,536	9,508
Less: Gain on sale of real estate, net	—	—	(16)	—
FFO available to common stockholders	17,563	16,298	34,723	26,212
Add: Preferred stock redemption charge	—	—	—	3,566(1)
Add: Preferred stock redemption dividend	—	—	—	472(2)
Add: Non-cash interest related to earn-out liabilities	110	177	220	177
Less: Non-recurring one time items	(347)(3)	—	(347)(3)	—
Normalized FFO available to common stockholders	17,326	16,475	34,596	30,427
Less: Non-cash rental income	(521)	(750)	(1,003)	(1,356)
Normalized adjusted FFO (AFFO)	16,805	15,725	33,593	29,071
Add: Non-cash compensation charges	458	363	910	721
Normalized funds available for distribution (FAD)	\$ 17,263	\$ 16,088	\$ 34,503	\$ 29,792

(1) Represents the original issue costs related to the redemption of the remaining Series F preferred stock.

(2) Represents the dividends on the Series F preferred stock up to the redemption date.

(3) Represents revenue from the Sunwest bankruptcy settlement distribution.

Basic FFO available to common stockholders per share	\$ 0.58	\$ 0.54	\$ 1.15	\$ 0.93
Diluted FFO available to common stockholders per share	\$ 0.57	\$ 0.53	\$ 1.13	\$ 0.92
Diluted FFO available to common stockholders	\$ 18,482	\$ 17,249	\$ 36,565	\$ 28,118
Weighted average shares used to calculate diluted FFO per share available to common stockholders	32,488	32,483	32,479	30,584
Basic normalized FFO available to common stockholders per share	\$ 0.57	\$ 0.55	\$ 1.15	\$ 1.08
Diluted normalized FFO available to common stockholders per share	\$ 0.56	\$ 0.54	\$ 1.12	\$ 1.06
Diluted normalized FFO available to common stockholders	\$ 18,245	\$ 17,426	\$ 36,438	\$ 32,333
Weighted average shares used to calculate diluted normalized FFO per share available to common stockholders	32,488	32,483	32,479	30,584
Basic normalized AFFO per share	\$ 0.56	\$ 0.52	\$ 1.11	\$ 1.03
Diluted normalized AFFO per share	\$ 0.55	\$ 0.51	\$ 1.09	\$ 1.01
Diluted normalized AFFO	\$ 17,724	\$ 16,676	\$ 35,435	\$ 30,977
Weighted average shares used to calculate diluted normalized AFFO per share	32,488	32,483	32,479	30,584
Basic normalized FAD per share	\$ 0.57	\$ 0.53	\$ 1.14	\$ 1.06
Diluted normalized FAD per share	\$ 0.56	\$ 0.52	\$ 1.12	\$ 1.04
Diluted normalized FAD	\$ 18,182	\$ 17,039	\$ 36,345	\$ 31,698
Weighted average shares used to calculate diluted normalized FAD per share	32,488	32,483	32,479	30,584

ASSETS		
Real estate investments:		
Land	\$ 60,362	\$ 57,059
Buildings and improvements	677,297	659,453
Accumulated depreciation and amortization	(186,394)	(175,933)
Net operating real estate property	551,265	540,579
Properties held-for-sale, net of accumulated depreciation and amortization: 2012 — \$613; 2011 — \$2,263	5,025	6,256
Net real estate property	556,290	546,835
Mortgage loans receivable, net of allowance for doubtful accounts: 2012 — \$884; 2011 — \$921	49,362	53,081
Real estate investments, net	605,652	599,916
Other assets:		
Cash and cash equivalents	10,313	4,408
Debt issue costs, net	2,698	2,301
Interest receivable	1,062	1,494
Straight-line rent receivable, net of allowance for doubtful accounts: 2012 — \$696; 2011 — \$680	25,089	23,772
Prepaid expenses and other assets	7,341	7,851
Other assets related to properties held-for-sale, net of allowance for doubtful accounts: 2012 — \$839; 2011 — \$839	52	53
Notes receivable	2,647	817
Marketable securities	—	6,485
Total assets	<u>\$ 654,854</u>	<u>\$ 647,097</u>
LIABILITIES		
Bank borrowings	\$ 68,000	\$ 56,000
Senior unsecured notes	100,000	100,000
Bonds payable	2,635	3,200
Accrued interest	1,156	1,356
Earn-out liabilities	6,524	6,305
Accrued expenses and other liabilities	10,938	11,314
Accrued expenses and other liabilities related to properties held-for-sale	139	212
Total liabilities	189,392	178,387
EQUITY		
Stockholders' equity:		
Preferred stock \$0.01 par value; 15,000 shares authorized; shares issued and outstanding: 2012 — 2,000; 2011 — 2,000	38,500	38,500
Common stock: \$0.01 par value; 60,000 shares authorized; shares issued and outstanding: 2012 — 30,445; 2011 — 30,346	304	303
Capital in excess of par value	507,752	507,343
Cumulative net income	698,767	672,743
Other	169	199
Cumulative distributions	(780,436)	(752,340)
Total LTC Properties, Inc. stockholders' equity	465,056	466,748
Non-controlling interests	406	1,962
Total equity	<u>465,462</u>	<u>468,710</u>
Total liabilities and equity	<u>\$ 654,854</u>	<u>\$ 647,097</u>



Supplemental Operating and Financial Data
June 30, 2012
(Unaudited)



Cincinnati, OH
144 licensed beds



Table of Contents

Company Information	3
Additional Information	4
Forward-Looking Statements & Non-GAAP Information	5
Acquisitions & Developments	6
Proforma Definition	7
Proforma Real Estate Portfolio Summary	8
Real Estate Portfolio Metrics	9-10
Proforma Real Estate Portfolio Diversification	11-13
Proforma Top Ten Operators - Owned Portfolio	14
Market Capitalization	15
Proforma Market Capitalization	16
Proforma Lease & Mortgage Loan Receivable Maturity	17
Proforma Debt Maturity	18
Financial Data Summary	19-20
Consolidated Statements of Income	21
Consolidated Balance Sheets	22
Funds from Operations	23
Glossary	24-26



Company Information



Company

Founded in 1992, LTC Properties, Inc. is a self-administered real estate investment trust that primarily invests in senior housing and long-term care properties through facility lease transactions, mortgage loans, and other investments. Our primary objectives are to sustain and enhance stockholder equity value and provide current income for distribution to stockholders through real estate investments in long-term care properties and other health care related properties managed by experienced operators. To meet these objectives, we attempt to invest in properties that provide opportunity for additional value and current returns to our stockholders and diversify our investment portfolio by geographic location, operator, and form of investment. For more information on LTC Properties, Inc., visit the Company's website at www.LTCProperties.com.

Board of Directors

Andre Dimitriadis
Executive Chairman

Wendy Simpson

Edmund King

Timothy Triche, MD

Boyd Hendrickson
Lead Director

Devra Shapiro

Management

Andre Dimitriadis
Executive Chairman

Wendy Simpson
Chief Executive Officer and President

Pam Kessler
Executive Vice President and Chief Financial Officer

Clint Malin
Executive Vice President and Chief Investment Officer

Andy Stokes
Senior Vice President, Marketing & Strategic Planning

Contact Information

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CORPORATE

3



Additional Information

Analyst Coverage

BMO Capital Markets Corp.
Richard Anderson

J.J. B. Hilliard, W.L. Lyons, Inc.
John Roberts

JMP Securities, LLC
Peter Martin

KeyBanc Capital Markets, Inc.
Karin Ford

RBC Capital Markets Corporation
Mike Carroll

Sandler O'Neill + Partners, L.P.
James Milam

Sidoti & Company, LLC
Peter Sicher

Stifel, Nicolaus & Company, Inc.
Dan Bernstein

Wells Fargo Securities, LLC
Todd Stender

Any opinions, estimates, or forecasts regarding LTC's performance made by the analysts listed above do not represent the opinions, estimates, or forecasts of LTC or its management.

CORPORATE

4

Forward-Looking Statements

This supplemental information contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, adopted pursuant to the Private Securities Litigation Reform Act of 1995. Statements that are not purely historical may be forward-looking. You can identify some of the forward-looking statements by their use of forward-looking words, such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “plans,” “estimates” or “anticipates,” or the negative of those words or similar words. Forward-looking statements involve inherent risks and uncertainties regarding events, conditions and financial trends that may affect our future plans of operation, business strategy, results of operations and financial position. A number of important factors could cause actual results to differ materially from those included within or contemplated by such forward-looking statements, including, but not limited to, the status of the economy, the status of capital markets (including prevailing interest rates), and our access to capital; the income and returns available from investments in health care related real estate, the ability of our borrowers and lessees to meet their obligations to us, our reliance on a few major operators; competition faced by our borrowers and lessees within the health care industry, regulation of the health care industry by federal, state and local governments, (including as a result of the Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Reconciliation Act of 2010), changes in Medicare and Medicaid reimbursement amounts (including due to federal and state budget constraints), compliance with and changes to regulations and payment policies within the health care industry, debt that we may incur and changes in financing terms, our ability to continue to qualify as a real estate investment trust, the relative illiquidity of our real estate investments, potential limitations on our remedies when mortgage loans default, and risks and liabilities in connection with properties owned through limited liability companies and partnerships. For a discussion of these and other factors that could cause actual results to differ from those contemplated in the forward-looking statements, please see the discussion under “Risk Factors” and other information contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and in our publicly available filings with the Securities and Exchange Commission. We do not undertake any responsibility to update or revise any of these factors or to announce publicly any revisions to forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Information

This supplemental information contains certain non-GAAP information including EBITDA, normalized EBITDA, FFO, normalized FFO, normalized interest coverage ratio, and normalized fixed charges coverage ratio. A reconciliation of this non-GAAP information is provided on pages 20 and 23 of this supplemental information, and additional information is available under the “Non-GAAP Financial Measures” subsection under the “Selected Financial Data” section of our website at www.LTCProperties.com.

CORPORATE

5



Acquisitions and Developments

(dollar amounts in thousands)

ACQUISITIONS

DATE	# OF PROPERTIES	ASSET CLASS	# BEDS/UNITS	LOCATION	OPERATOR	DATE OF CONSTRUCTION	PURCHASE PRICE	ANNUAL GAAP REVENUE	GAAP Lease Yield
2/28/11	2	OTHER	118 beds/93 units	SC	Prestige Healthcare	1965-2001	\$ 11,450	\$ 1,158	10.1%
3/9/11	4	SNF	524	TX	Meridian Senior Properties	2007-2008	45,000 ⁽¹⁾	4,722	10.5% ⁽¹⁾
8/1/11	1	SNF	140	TX	Senior Care Centers	2008	10,000	1,058	10.5%
10/1/11	1	SNF	196	TX	Fundamental	2005	15,500	1,881	11.0% ⁽²⁾
10/1/11	1 ⁽³⁾	UDP ⁽³⁾	N/A ⁽³⁾	TX	Under Development Property	2012 ⁽³⁾	844	-	- ⁽³⁾
11/1/11	1	SNF	156	CA	Traditions Management	1990	17,500	1,814	10.3%
Total 2011	10		1,134 beds/93 units				\$ 100,294		
3/23/12	1	SNF	144	TX	Senior Care Centers	2002	\$ 18,600	\$ 1,988	10.7%
5/14/12	1 ⁽⁴⁾	UDP ⁽⁴⁾	N/A ⁽⁴⁾	CO	Under Development Property	2012 ⁽⁴⁾	1,882	-	- ⁽⁴⁾
7/2/12	1	SNF	90	TX	Senior Care Centers	2011	6,500	701	10.7%
7/31/12	2	SNF	288	OH	Carespring Health Care Mgt	2009-2010	54,000	5,426	10.1%
Total 2012	5		522 beds				\$ 80,982		
Total	15		1,656 beds/93 units				\$ 181,276		

DEVELOPMENT PROPERTIES

LOCATION	PROPERTY TYPE	INCREMENTAL CASH	ESTIMATED COMPLETION DATE	TOTAL COMMITMENT	FUNDED TO DATE	REMAINING COMMITMENT
Amarillo, TX	SNF	9.00% ⁽³⁾	April 2013	\$ 8,250	\$ 115	\$ 8,135
Littleton, CO	Memory Care	9.25% ⁽⁴⁾	December 2013	7,935	150	7,785
Total				\$ 16,185	\$ 265	\$ 15,920

(1) GAAP yield assumes a total purchase price of \$45,000 which includes \$41,000 of cash paid at closing and \$4,000 paid on August 31, 2011.

(2) GAAP yield assumes \$8,250 construction funding as noted in (3) below.

(3) Acquired a vacant parcel of land in Texas and entered into a commitment to fund the construction of a 120-bed skilled nursing property which will replace an existing 90-bed skilled nursing property we own. The incremental cash lease yield excludes other properties in the master lease. The cash yield including the other properties is 9.6%.

(4) Acquired a vacant parcel of land in Colorado and entered into a commitment to fund the construction of a 60-unit free-standing private-pay memory care property.

REAL ESTATE PORTFOLIO

6



Proforma Definition

❑ Actual rolling four (4) quarters ended June 30, 2012 or Balance Sheet data as of June 30, 2012 adjusted for the following:

- Includes the acquisition of a 90-bed SNF in Brownwood, TX for \$6.5M and a 10.7% GAAP yield.
- Includes the acquisition of two skilled nursing facilities with a total of 288 licensed beds for \$54.0M and a 10.1% GAAP yield. One property located in Cincinnati, Ohio was built in 2009 and the other property, located in Dayton, Ohio, was built in 2010.
- Includes the private placement debt financing of \$85.8M Senior Unsecured Notes at 5.03% maturing in July 2024. Net proceeds, after property acquisitions and estimated transaction costs, of \$24.6M were used to pay down our unsecured line of credit.

REAL ESTATE PORTFOLIO

7



Proforma Real Estate Portfolio Summary

(dollar amounts in thousands)

Real Estate Portfolio Snapshot

Type of Property	Six Months Ended June 30, 2012					# of Properties	No. of SNF Beds	No. of ALF Units	No. of ILF Units	Investment per Bed/Unit
	Gross Investments	% of Investments	Rental Income	Interest Income	% of Revenues					
Skilled Nursing	\$ 462,593	54.2%	\$ 26,925	\$ 1,511	55.6%	90	10,515	-	-	\$43.99
Assisted Living	308,534	36.1%	16,546	1,277	34.8%	102	-	4,365	-	\$70.68
Other Senior Housing	67,685	7.9%	3,915	175	8.0%	14	913	330	423	\$40.63
Schools	12,236	1.4%	796	-	1.6%	2	-	-	-	-
Under Development ⁽¹⁾	2,995	0.4%	-	-	-	-	-	-	-	-
Total	\$ 854,043	100.0%	\$ 48,182	\$2,963	100.0%	208	11,428	4,695	423	

(1) We have two properties under development: 120-bed skilled nursing property in Texas which will replace an existing 90-bed skilled nursing property we own and 60-unit free-standing memory care property in Colorado.



Dayton, OH
144 licensed beds



REAL ESTATE PORTFOLIO

8



Real Estate Portfolio Metrics

"Same Property Portfolio" Statistics ⁽¹⁾

Owned Properties	Occupancy		EBITDAR Coverage		EBITDARM Coverage	
	1Q12	4Q11	1Q12	4Q11	1Q12	4Q11
Assisted Living ⁽²⁾	78.1%	78.7%	1.39	1.38	1.61	1.60
Assisted Living ⁽³⁾	88.2%	88.5%	1.45	1.43	1.71	1.68
Skilled Nursing	78.6%	79.1%	1.86	2.01	2.56	2.71
Other Senior Housing	87.4%	86.5%	1.36	1.43	1.77	1.85

(1) Information is for the trailing twelve months through March 31, 2012 and December 31, 2011 and is from property level operator financial statements which are unaudited and have not been independently verified by us.

(2) Includes properties leased to Assisted Living Concepts, Inc. (ALC)

(3) Excludes properties leased to Assisted Living Concepts, Inc. (ALC)

"Same Property Portfolio" Quality Mix

Owned Properties Payor Source ⁽¹⁾	For the Three Months Ended March 31, 2012
Private Pay	59.8%
Medicare	13.8%
Medicaid	26.3%

(1) Quality mix for our skilled nursing portfolio, for the period presented, is 25.6% Private Pay, 25.3% Medicare, and 49.1% Medicaid.

9

REAL ESTATE PORTFOLIO



Real Estate Portfolio Metrics

Historical Portfolio Snapshot ⁽¹⁾

The Centers for Medicare & Medicaid Services (or CMS) annually updates Medicare skilled nursing facility prospective payment system rates and other policies. In 4Q2010 CMS implemented the Resource Utilization Groups, version four (or RUG-IV) patient classification system. Although the implementation of RUG-IV was intended to be budget-neutral, according to CMS, this change in case-mix classification methodology resulted in a significant increase in Medicare expenditures, in part because the proportion of patients grouped in the highest-paying RUG therapy categories greatly exceeded CMS expectations. In July 2011, CMS issued its final rule updating skilled nursing facility rates for fiscal year 2012, which began in 4Q2011. The final rule included a recalibration of the case-mix indexes that form RUG-IV and reduced average aggregate Medicare reimbursement to skilled nursing facilities by 11.1%. The following table represents a snapshot of our historical portfolio of stabilized skilled nursing properties in 3Q2010 (prior to the implementation of RUG-IV) through 1Q2012 on a same property basis to illustrate the trend in the lease coverage as RUG-IV is implemented (4Q2010) and Medicare rates were subsequently cut (4Q2011).

RUG-IV	Period ⁽²⁾	EBITDAR Coverage	EBITDARM Coverage
2Q RUG-IV	1Q2012	2.01	2.76
3Q RUG-IV	4Q2011	2.16	2.93
4Q RUG-IV	3Q2011	2.27	3.04
3Q RUG-IV	2Q2011	2.20	2.98
2Q RUG-IV	1Q2011	2.16	2.94
1Q RUG-IV	4Q2010	2.02	2.79
No RUG-IV	3Q2010	1.89	2.64

(1) Data from property level operator financial statements which are unaudited and have not been independently verified by us.

(2) Coverage is based on the trailing twelve months for each period presented.

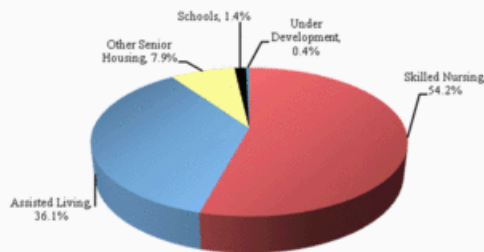
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REAL ESTATE PORTFOLIO

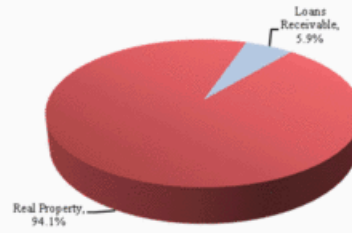
Proforma Real Estate Portfolio Diversification

Property and Asset Type Diversification - Owned and Loan Portfolio

Gross Investment By Property Type



Gross Investment By Asset Type



Property Type	# of Properties	Gross Investment	%	Six Months Ended June 30, 2012	
				Revenue	%
Skilled Nursing	90	\$ 462,593	54.2%	\$ 28,436	55.6%
Assisted Living	102	308,534	36.1%	17,823	34.8%
Other Senior Housing	14	67,685	7.9%	4,090	8.0%
Schools	2	12,236	1.4%	796	1.6%
Under Development ⁽¹⁾	-	2,995	0.4%	-	-
Total	208	\$ 854,043	100.0%	\$ 51,145	100.0%

Asset Type	Gross Investment	%
Real Property	\$ 803,797	94.1%
Loans Receivable	50,246	5.9%
Total	\$ 854,043	100.0%

(1) We have two properties under development: 120-bed skilled nursing property in Texas which will replace an existing 90-bed skilled nursing property we own and 60-unit free-standing memory care property in Colorado.

REAL ESTATE PORTFOLIO

11

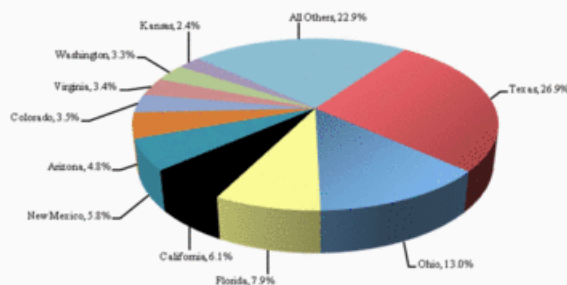
Proforma Real Estate Portfolio Diversification

(dollar amounts in thousands)

State Diversification By Property Type - Owned and Loan Portfolio

State ⁽¹⁾	Gross Investment	%
Texas	\$ 229,490	26.9%
Ohio	110,804	13.0%
Florida	67,859	7.9%
California	51,701	6.1%
New Mexico	49,114	5.8%
Arizona	41,212	4.8%
Colorado	29,849	3.5%
Virginia	29,052	3.4%
Washington	27,888	3.3%
Kansas	20,844	2.4%
All Others	196,230	22.9%
Total	\$ 854,043	100.0%

Gross Investment By State



State ⁽¹⁾	# of Props	ALF	%	SNF	%	Other	%	School	%	UDP ⁽²⁾	%	Gross Investment	%
Texas	56	\$ 32,193	10.4%	\$ 187,703	40.6%	\$ 8,632	12.8%	\$ -	-	\$ 962	32.1%	\$ 229,490	26.9%
Ohio	19	44,647	14.5%	66,157	14.3%	-	-	-	-	-	-	110,804	13.0%
Florida	17	36,613	11.9%	17,826	3.9%	13,420	19.8%	-	-	-	-	67,859	7.9%
California	5	28,071	9.1%	20,649	4.5%	2,981	4.4%	-	-	-	-	51,701	6.1%
New Mexico	7	-	-	49,114	10.6%	-	-	-	-	-	-	49,114	5.8%
Arizona	7	5,120	1.7%	36,092	7.8%	-	-	-	-	-	-	41,212	4.8%
Colorado	10	18,402	6.0%	7,407	1.6%	2,007	3.0%	-	-	2,033	67.9%	29,849	3.5%
Virginia	4	-	-	15,713	3.4%	13,339	19.7%	-	-	-	-	29,052	3.4%
Washington	10	19,080	6.2%	8,808	1.9%	-	-	-	-	-	-	27,888	3.3%
Kansas	7	6,733	2.2%	14,111	3.1%	-	-	-	-	-	-	20,844	2.4%
All Others	66	117,675	38.0%	39,013	8.3%	27,306	40.3%	12,236	100.0%	-	-	196,230	22.9%
Total	208	\$ 308,534	100.0%	\$ 462,593	100.0%	\$ 67,685	100.0%	\$ 12,236	100.0%	\$ 2,995	100.0%	\$ 854,043	100.0%

(1) Due to master leases with properties in multiple states, revenue by state is not available.

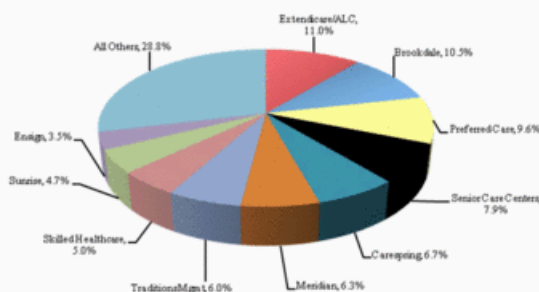
(2) Under Development Properties. See definition in the Glossary.

REAL ESTATE PORTFOLIO

12

Operator Diversification - Owned Portfolio

Gross Investment By Operator



Operator	# of Properties	Gross Investment	%	Annualized GAAP Rent	%
Extendicare REIT and Assisted Living Concepts, Inc	37	\$ 88,034	11.0%	\$ 10,963	12.0%
Brookdale Senior Living Communities, Inc.	35	84,210	10.5%	10,734	11.7%
Preferred Care	25	77,206	9.6%	10,588	11.6%
Senior Care Centers, LLC	5	63,698	7.9%	6,730	7.4%
Carespring Health Care Mgt, LLC	2	54,000	6.7%	5,434	5.9%
Meridian Senior Properties Fund II, LP	4	50,841	6.3%	4,742	5.2%
Traditions Management	4	48,500	6.0%	5,243	5.7%
Skilled Healthcare Group, Inc.	5	40,270	5.0%	4,501	4.9%
Sunrise Senior Living	6	37,659	4.7%	4,614	5.0%
Ensign Group, Inc.	3	28,496	3.5%	1,596	1.7%
All Others	48	230,883	28.8%	26,397	28.9%
Total	174	\$ 803,797	100.0%	\$ 91,542	100.0%

REAL ESTATE PORTFOLIO

13

Proforma Top Ten Operators – Owned Portfolio

Extendicare REIT and Assisted Living Concepts, Inc. (TSX: EXE.UN) operates 262 senior care facilities in Canada and in the United States with the ability to serve approximately 28,213 residents. EHSI offers a continuum of health care services, including nursing care, assisted living and related medical specialty services, such as sub-acute care and rehabilitative therapy on an inpatient and outpatient basis. ALC (NYSE: ALC) and its subsidiaries operate 211 residences which include licensed assisted living and independent living residences with capacity for 9,325 residents in 20 states. As of June 30, 2012 the LTC portfolio consisted of 37 assisted living properties in 10 states with a gross investment balance of \$88.0 million.

Brookdale Senior Living, Inc. (NYSE: BKD) operates 647 independent living, assisted living, and dementia-care communities and continuing care retirement centers, with the ability to serve approximately 67,000 residents. As of June 30, 2012, the LTC portfolio consisted of 35 assisted living properties in 8 states with a gross investment balance of \$84.2 million.

Preferred Care, Inc. (Privately held) operates 87 facilities comprised of skilled nursing, assisted living, and independent living facilities, as well as 5 specialty care facilities, in 11 states. As of June 30, 2012, the LTC portfolio consisted of 23 skilled nursing and 2 other senior housing properties in 6 states with a gross investment balance of \$77.2 million. They also operate 1 skilled nursing facility under a sub-lease with another lessee we have which is not included in the Preferred Care rental revenue.

Senior Care Centers, LLC (Privately held) provides skilled nursing care, Alzheimer's care, assisted living, and independent living services in 35 facilities exclusively in Texas. As of proforma June 30, 2012, the LTC portfolio consisted of 5 skilled nursing properties in 1 state with a gross investment balance of \$63.7 million. They also operate 4 skilled nursing properties under a sub-lease with Meridian Senior Properties Fund II, LP which is not included in the Senior Care Centers, LLC rental revenue.

Carespring Health Care Mgmt, LLC (Privately held) provides skilled nursing, assisted living, and independent living services, and other rehabilitative and healthcare services at 13 facilities in 2 states. As of proforma June 30, 2012, the LTC portfolio consisted of 2 skilled nursing properties in 1 state with a gross investment balance of \$54.0 million.

Meridian Realty Advisors, LP through its affiliates including Meridian Senior Properties Fund II, LP (Privately held) acquires and develops independent living, assisted living/memory care and skilled nursing facilities and (owns or leases) 10 skilled nursing facilities and one assisted living facility, all located in Texas. They are currently developing three new assisted living/memory care facilities and one skilled nursing facility. As of June 30, 2012, the LTC portfolio consisted of 4 skilled nursing properties in 1 state with a gross investment balance of \$50.8 million.

Traditions Senior Management, Inc. (Privately held) operates 10 facilities in 4 states consisting of independent living, assisted living, and skilled nursing. As of June 30, 2012, the LTC portfolio consisted of 3 skilled nursing and 1 other senior housing properties in 3 states with a gross investment balance of \$48.5 million. They also operate 2 skilled nursing properties under a sub-lease with Preferred Care, Inc. which is not included in the Traditions Management rental revenue.

Skilled Healthcare Group (NYSE: SKH) is a holding company with subsidiaries that operate skilled nursing facilities, assisted living facilities, a rehabilitation therapy business, and a hospice business. Skilled Healthcare operates in 8 states, including 74 skilled nursing facilities and 23 assisted living facilities. As of June 30, 2012, the LTC portfolio consisted of 5 skilled nursing properties in 1 state with a gross investment balance of \$40.3 million.

Sunrise Senior Living (NYSE: SRZ) operates 311 communities in the United States, Canada and the United Kingdom, with a total capacity of approximately 31,000 units. Sunrise offers a full range of personalized senior living services, including independent living, assisted living, care for individuals with Alzheimer's disease and other forms of memory loss, as well as Nursing and Rehabilitative services. As of June 30, 2012, the LTC portfolio consisted of 6 assisted living properties in 2 states with a gross investment balance of \$37.7 million.

The Ensign Group (NASDAQ: ENSG) provides skilled nursing and assisted living services, physical, occupational and speech therapies, home health and hospice services, and other rehabilitative and healthcare services for both long-term residents and short-stay rehabilitation patients at 106 facilities in 10 states. As of June 30, 2012, the LTC portfolio consisted of 3 skilled nursing properties in 1 state with a gross investment balance of \$28.5 million.

REAL ESTATE PORTFOLIO

14



Market Capitalization

(In thousands, except per share amounts and number of shares)

At June 30, 2012

Capitalization

Debt				
Bank borrowings - LIBOR + 125 bps		\$	68,000	
Senior unsecured notes -weighted average rate 5.24% ⁽¹⁾			100,000	
Bonds payable - weighted average rate 2.22% ⁽²⁾			2,635	
Total debt			170,635	13.0%

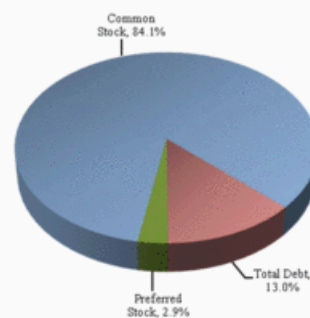
Equity

	No. of shares	Closing Price		
Preferred stock -Series C ⁽³⁾			38,500	2.9%
Common stock ⁽⁴⁾	30,444,774	\$ 36.28 ⁽⁵⁾	1,104,536	84.1%
Non-controlling interest			406	0.0%
Total equity			1,143,442	87.0%

Market Capitalization	\$ 1,314,077	100.0%
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Debt to Market Cap	13.0%
Debt & Preferred to Market Cap	15.9%

Capitalization



(1) Includes amortization of debt issue cost.

(2) Includes letter of credit fees.

(3) Non-traded shares. Two million shares outstanding with a face rate of 8.5% and a liquidation value of \$19.25 per share, convertible into common stock on a one-for-one basis. Our Series C preferred stock are not redeemable by us.

(4) Traded on NYSE.

(5) Closing price of our common stock as reported by the NYSE on June 29, 2012, the last trading of second quarter 2012.

FINANCIAL

15



Proforma Market Capitalization

(In thousands, except per share amounts and number of shares)

At June 30, 2012

Capitalization

Debt				
Bank borrowings - LIBOR + 125 bps		\$	43,400	
Senior unsecured notes -weighted average rate 5.17% ⁽¹⁾			185,800	
Bonds payable - weighted average rate 2.22% ⁽²⁾			2,635	
Total debt			231,835	16.9%

Equity

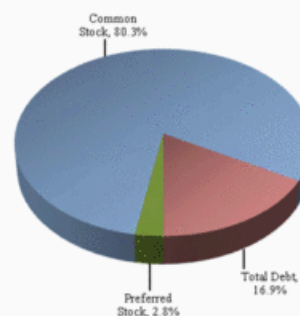
	No. of shares	Closing Price		
Preferred stock -Series C ⁽³⁾			38,500	2.8%
Common stock ⁽⁴⁾	30,444,774	\$ 36.28 ⁽⁵⁾	1,104,536	80.3%
Non-controlling interest			406	0.0%
Total equity			1,143,442	83.1%

Market Capitalization	1,375,277	100.0%
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Debt to Market Cap	16.9%
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Debt & Preferred to Market Cap	19.7%
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Capitalization



(1) Includes amortization of debt issue cost.

(2) Includes letter of credit fees.

(3) Non-traded shares. Two million shares outstanding with a face rate of 8.5% and a liquidation value of \$19.25 per share, convertible into common stock on a one-for-one basis. Our Series C preferred stock are not redeemable by us.

(4) Traded on NYSE.

(5) Closing price of our common stock as reported by the NYSE on June 29, 2012, the last trading of second quarter 2012.

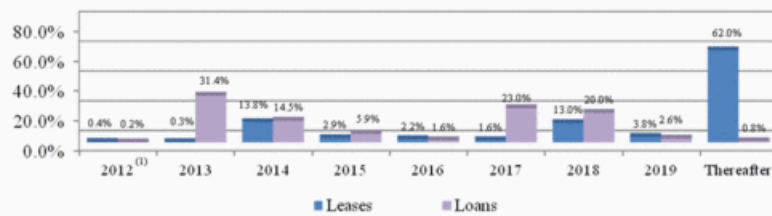
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16

Proforma Lease and Mortgage Loan Receivable Maturity

(dollar amounts in thousands)

Investment Portfolio Maturity Schedule (as a % of total gross owned investment and mortgage loans outstanding)



LTC's investment portfolio has a long-term weighted roll-over maturity schedule. Over 78% of the portfolio has lease expirations after 2017. Over 23% of outstanding mortgage loans mature after 2017.

Rental Revenue and Interest Income Maturity

Year	Annualized GAAP Rental Income	% of Total	Interest Income ⁽²⁾	% of Total	Total Rental & Interest Income	% of Total
2012 ⁽¹⁾	\$ 496	0.5%	\$ 19	0.4%	\$ 515	0.5%
2013	453	0.5%	1,912	41.3%	2,365	2.5%
2014	12,951	14.1%	849	18.3%	13,800	14.3%
2015	2,539	2.8%	269	5.8%	2,808	2.9%
2016	2,129	2.3%	26	0.6%	2,155	2.2%
2017	1,615	1.8%	627	13.5%	2,242	2.3%
2018	11,262	12.3%	803	17.4%	12,065	12.5%
2019	1,596	1.7%	123	2.7%	1,719	1.9%
Thereafter	58,501	64.0%	-	-	58,501	60.9%
Total	\$ 91,542	100.0%	\$ 4,628	100.0%	\$ 96,170	100.0%

(1) The lease that expired in July 2012 was replaced with a new lease expiring in July 2022.

(2) Reflects annualized contract rate of interest for loans, net of collectability reserves, if applicable.

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17

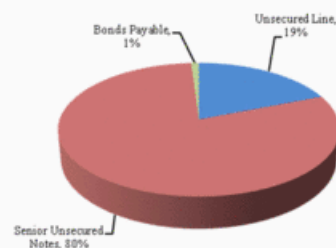
Proforma Debt Maturity

(in thousands)

Year	Unsecured Line of Credit	Senior Unsecured Notes ⁽¹⁾	Bonds Payable ⁽¹⁾	Total
2013	\$ -	\$ -	\$ 600	\$ 600
2014	-	4,167	635	4,802
2015	-	29,166	1,400	30,566
2016	43,400	16,667	-	60,067
2017	-	14,167	-	14,167
2018	-	14,167	-	14,167
2019	-	11,666	-	11,666
Thereafter	-	95,800	-	95,800
Total	\$ 43,400	\$ 185,800	\$ 2,635	\$ 231,835

(1) Reflects scheduled principal payments.

Debt Structure



FINANCIAL

18



Financial Data Summary

(dollar amounts in thousands)

Balance Sheet and Coverage Ratios

	Trailing twelve months ended				
	12/31/09	12/31/10	12/31/11	6/30/12	Proforma 6/30/12
Net real estate assets	\$444,163	\$515,983	\$599,916	\$605,652	\$666,152
Total assets	490,593	561,264	647,097	654,854	722,014
Total debt	25,410	91,430	159,200	170,635	231,835
Total liabilities	36,280	103,742	178,387	189,392	250,592
Preferred stock	186,801	126,913	38,500	38,500	38,500
Total equity	454,313	457,522	468,710	465,462	471,422
Debt to gross asset value ratio ⁽¹⁾	4.0%	12.7%	19.3%	20.3%	25.5%
Debt & preferred stock to gross asset value ratio ⁽¹⁾	33.4%	30.3%	24.0%	24.8%	29.7%
Debt to market capitalization ratio	3.0%	9.5%	14.0%	13.0%	16.9%
Debt & preferred stock to market capitalization ratio	25.1%	23.0%	17.4%	15.9%	19.7%
Debt to normalized EBITDA	0.4x	1.4x	2.1x	2.2x	2.7x
Normalized interest coverage ratio	25.4x	24.5x	11.8x	10.1x	7.2x
Normalized fixed charge coverage ratio	3.5x	4.0x	6.4x	7.1x	5.6x

(1) Gross asset value represents undepreciated book value.

FINANCIAL

19



Financial Data Summary

(dollar amounts in thousands)

Reconciliation of Normalized EBITDA and Fixed Charges

	Trailing twelve months ended				
	12/31/09	12/31/10	12/31/11	6/30/12	Proforma 6/30/12
Net income	\$ 44,360	\$ 46,053	\$ 49,443	\$ 51,072	\$ 53,042
Less: Gain on sale	-	(310)	-	(16)	(16)
Add: Interest expense	2,418	2,653	6,434	7,824	11,814
Add: Depreciation and amortization (including discontinued operations)	14,822	16,109	19,623	20,651	20,651
Adjusted EBITDA	61,600	64,505	75,500	79,531	85,491
(Deduct)/Add back:					
Non-recurring one-time items	(198)	467	-	(347)	(347)
Normalized EBITDA	\$ 61,402	\$ 64,972	\$ 75,500	\$ 79,184	\$ 85,144
Interest expense	\$ 2,418	\$ 2,653	\$ 6,434	\$ 7,824	\$ 11,814
Preferred stock dividend	15,141	13,662	5,512	3,272	3,272
Fixed Charges	\$ 17,559	\$ 16,315	\$ 11,946	\$ 11,096	\$ 15,086

Proforma Non-Cash Rental Revenue Components

	2Q12	3Q12 ⁽¹⁾	4Q12 ⁽¹⁾	1Q13 ⁽¹⁾	2Q13 ⁽¹⁾
Straight-line rent	\$ 686	\$ 866	\$ 917	\$ 712	638
Amort of lease inducement	(165)	(165)	(165)	(165)	(165)
Net	\$ 521	\$ 701	\$ 752	\$ 547	\$ 473

(1) Projections based on current in-place leases and the new leases from the newly acquired properties, assuming no modification or replacement of existing leases and no new leased investments are added to our portfolio.

FINANCIAL

20



Consolidated Statements of Income

(dollar amounts in thousands, except per share amounts, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues				
Rental income	\$ 21,175	\$ 19,337	\$ 42,047	\$ 37,519
Interest from mortgage loans	1,431	1,613	2,963	3,269
Interest and other income	484	230	720	645
Total revenues	23,090	21,180	45,730	41,433
Expenses				
Interest expense	2,004	1,543	4,037	2,647
Depreciation and amortization	5,369	4,918	10,536	9,350
Acquisition costs	141	35	182	165
Operating and other expenses	2,433	2,323	4,885	4,637
Total expenses	9,947	8,819	19,640	16,799
Income from continuing operations	13,143	12,361	26,090	24,634
Discontinued operations:				
Loss from discontinued operations	(30)	(99)	(61)	(218)
Gain on sale of assets, net	-	-	16	0
Net loss from discontinued operations	(30)	(99)	(45)	(218)
Net income	13,113	12,262	26,045	24,416
Income allocated to non-controlling interests	(10)	(48)	(21)	(96)
Net income attributable to LTC Properties, Inc.	13,103	12,214	26,024	24,320
Income allocated to participating securities	(91)	(85)	(185)	(174)
Income allocated to preferred stockholders	(818)	(818)	(1,636)	(7,442)
Net income available to common stockholders	\$ 12,194	\$ 11,311	\$ 24,203	\$ 16,704
Basic earnings per common share:	\$0.40	\$0.38	\$0.80	\$0.59
Diluted earnings per common share:	\$0.40	\$0.37	\$0.80	\$0.59
Weighted average shares used to calculate earnings per common share				
Basic	30,213	30,135	30,201	28,233
Diluted	30,258	30,168	30,246	28,264

FINANCIAL

21



Consolidated Balance Sheets

(amounts in thousands)

	June 30, 2012	December 31, 2011		June 30, 2012	December 31, 2011
	(unaudited)			(unaudited)	
ASSETS			LIABILITIES		
Real estate investments:			Bank borrowings	\$ 68,000	\$ 56,000
Land	\$ 60,362	\$ 57,059	Senior unsecured notes	100,000	100,000
Buildings and improvements	677,297	659,453	Bonds payable	2,635	3,200
Accumulated depreciation and amortization	(186,394)	(175,933)	Accrued interest	1,156	1,356
Net operating real estate property	551,265	540,579	Earn-out liabilities	6,524	6,305
Properties held-for-sale, net of accumulated depreciation and amortization: 2012 - \$613; 2011 - \$2,263	5,025	6,256	Accrued expenses and other liabilities	10,938	11,314
Net real estate property	556,290	546,835	Accrued expenses and other liabilities related to properties held-for-sale	139	212
Mortgage loans receivable, net of allowance for doubtful accounts: 2012 - \$884; 2011 - \$921	49,362	53,081	Total liabilities	189,392	178,387
Real estate investments, net	605,652	599,916			
Other assets:			EQUITY		
Cash and cash equivalents	10,313	4,408	Preferred stock ⁽¹⁾	38,500	38,500
Debt issue costs, net	2,698	2,301	Common stock ⁽²⁾	304	303
Interest receivable	1,062	1,494	Capital in excess of par value	507,752	507,343
Straight-line rent receivable, net of allowance for doubtful accounts: 2012 - \$688; 2011 - \$680	25,089	23,772	Cumulative net income	698,767	672,743
Prepaid expenses and other assets	7,341	7,851	Other	169	199
Other assets related to properties held-for-sale, net of allowance for doubtful accounts: 2012 - \$839; 2011 - \$839	52	53	Cumulative distributions	(780,436)	(752,340)
Notes receivable	2,647	817	Total LTC Properties, Inc. stockholders' equity	465,056	466,748
Marketable securities	-	6,485	Non-controlling interests	406	1,962
Total assets	\$ 654,854	\$ 647,097	Total equity	465,462	468,710
			Total liabilities and equity	\$ 654,854	\$ 647,097

(1) Preferred stock \$0.01 par value; 15,000 shares authorized; shares issued and outstanding: 2012 - 2,000; 2011 - 2,000

(2) Common stock \$0.01 par value; 60,000 shares authorized; shares issued and outstanding: 2012 - 30,645; 2011 - 30,346

FINANCIAL

22



Funds from Operations

(dollar amounts in thousands, except per share amounts)

FFO Reconciliation

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net income available to common stockholders	\$ 12,194	\$ 11,311	\$ 24,203	\$ 16,704
Add: Depreciation and amortization (continuing and discontinued operations)	5,369	4,987	10,536	9,508
Less: Gain on sale of real estate, net	-	-	(16)	-
FFO available to common stockholders	17,563	16,298	34,723	26,212
Add: Preferred stock redemption charge	-	-	-	3,566 ⁽¹⁾
Add: Preferred stock redemption dividend	-	-	-	472 ⁽²⁾
Add: Non-cash interest related to earn-out liabilities	110	177	220	177
Add: Non-recurring one time items	(347) ⁽³⁾	-	(347) ⁽³⁾	-
Normalized FFO available to common stockholders	17,326	16,475	34,596	30,427
Less: Non-cash rental income	(521)	(750)	(1,003)	(1,356)
Normalized adjusted FFO (AFFO)	16,805	15,725	33,593	29,071
Add: Non-cash compensation charges	458	363	910	721
Normalized funds available for distribution (FAD)	\$ 17,263	\$ 16,088	\$ 34,503	\$ 29,792
Diluted FFO available to common stockholders per share	\$0.57	\$0.53	\$1.13	\$0.92
Diluted normalized FFO available to common stockholders per share	\$0.56	\$0.54	\$1.12	\$1.06
Diluted normalized AFFO per share	\$0.55	\$0.51	\$1.09	\$1.01
Diluted normalized FAD per share	\$0.56	\$0.52	\$1.12	\$1.04

(1) Represents the original issue costs related to the redemption of the remaining Series F preferred stock.

(2) Represents the dividends on the Series F preferred stock up to the redemption date.

(3) Represents revenue from the Sunwest bankruptcy settlement distribution.

FINANCIAL

23



Glossary

Adjusted Funds From Operations ("AFFO"): FFO excluding the effects of non-cash rental income.

Assisted Living Properties ("ALF"): Senior housing properties serving elderly persons who require assistance with activities of daily living, but do not require the constant supervision skilled nursing properties provide. Services are usually available 24 hours a day and include personal supervision and assistance with eating, bathing, grooming and administering medication. The facilities provide a combination of housing, supportive services, personalized assistance and health care designed to respond to individual needs.

Contractual Lease Rent: Rental revenue as defined by the lease agreement between us and the operator for the lease year.

EBITDA: Earnings before interest, taxes, depreciation and amortization.

EBITDAR Coverage: From the operator financial statements, the trailing twelve month's earnings before interest, taxes, depreciation, amortization, and rent divided by the operator's contractual lease rent. Management fees are imputed at 5% of revenues.

EBITDARM Coverage: From the operator financial statements, the trailing twelve month's earnings before interest, taxes, depreciation, amortization, rent and management fees divided by the operator's contractual lease rent.

Funds Available for Distribution ("FAD"): FFO excluding the effects of non-cash rental income and non-cash compensation charges.

Funds From Operations ("FFO"): As defined by the National Association of Real Estate Investment Trusts ("NAREIT"), net income available to common stockholders (computed in accordance with U.S. GAAP) excluding gains or losses on the sale of real estate and impairment write-downs of depreciable real estate plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures.

GAAP Lease Yield: GAAP rent divided by the purchase price.

GAAP Rent: Total rent we will receive as a fixed amount over the life of the lease and recognized evenly over that life. GAAP rent recorded in the early years of a lease is higher than the cash rent received and during the later years of the lease, the cash rent received is higher than GAAP rent recognized. GAAP rent is commonly referred to as straight-line rental income.

Gross Asset Value: Represents undepreciated book value.

Gross Investment: Original price paid for an asset plus capital improvements funded by LTC Properties, Inc. ("LTC"), without any depreciation deductions. Gross Investment is commonly referred to as undepreciated book value.

Independent Living Properties ("ILF"): Senior housing properties offering numerous levels of service, such as laundry, housekeeping, dining options/meal plans, exercise and wellness programs, transportation, social, cultural and recreational activities, on-site security and emergency response programs. Many offer on-site conveniences like beauty/barber shops, fitness facilities, game rooms, libraries and activity centers. ILFs are also known as retirement communities or senior apartments.

24

GLOSSARY

Interest Income: Represents interest income from mortgage loans.

Licensed Beds/Units: The number of beds and/or units that an operator is authorized to operate at a senior housing property. Licensed beds and/or units may differ from the number of beds and/or units in service at any given time.

Net Real Estate Assets: Gross investment less accumulated depreciation. Net Real Estate Asset is commonly referred to as Net Book Value ("NBV").

Non-cash Rental Income: Straight-line rental income and amortization of lease inducement.

Non-cash Compensation Charges: Vesting expense relating to stock options and restricted stock.

Normalized AFFO: FFO adjusted for non-recurring, infrequent or unusual items and excludes the non-cash rental income.

Normalized FAD: FFO adjusted for non-recurring, infrequent or unusual items and excludes the non-cash rental income and non-cash compensation charges.

Normalized FFO: FFO adjusted for non-recurring, infrequent or unusual items.

Occupancy: The weighted average percentage of all beds and/or units that are occupied at a given time. The calculation uses the trailing twelve months and is based on licensed beds and/or units which may differ from the number of beds and/or units in service at any given time.

Operator Financial Statements: Property level operator financial statements are unaudited and have not been independently verified by us.

Other Senior Housing: Senior housing properties consisting of independent living properties and properties providing any combination of skilled nursing, assisted living and/or independent living services.

Private Pay: Private pay includes private insurance, HMO, VA, and other payors.

Purchase Price: Represents the fair value price of an asset that is exchanged in an orderly transaction between market participants at the measurement date. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets; it is not a forced transaction (for example, a forced liquidation or distress sale).

Quality Mix: LTC revenue by operator underlying payor source for the quarter presented. LTC is not a Medicaid or a Medicare recipient. Statistics represent LTC's rental revenues times operators' underlying payor source revenue percentage. Underlying payor source revenue percentage is calculated from property level operator financial statements which are unaudited and have not been independently verified by us.

Rental Income: Represents GAAP rent net of amortized lease inducement cost from continuing and discontinued operations.

25

GLOSSARY

Same Property Portfolio ("SPP"): Same property statistics allow management to evaluate the performance of LTC's leased property portfolio under a consistent population, which eliminates the changes in the composition of our portfolio of properties. We identify our same property portfolio as stabilized properties that are, and remained, in operations for the duration of the quarter-over quarter comparison periods presented. Accordingly, it takes a stabilized property a minimum of 12 months in operations to be included in our same property portfolio.

Schools: An institution for educating students which include private and charter schools. Private schools are not administered by local, state or national governments; therefore, funded in whole or part by student tuition rather than government funded. Charter schools provide an alternative to the traditional public school. Charter schools are generally autonomous entities authorized by the state or locality to conduct operations independent from the surrounding public school district. Laws vary by state, but generally charters are granted by state boards of education either directly or in conjunction with local school districts or public universities. Operators are granted charters to establish and operate schools based on the goals and objectives set forth in the charter. Upon receipt of a charter, schools receive an annuity from the state for each student enrolled.

Skilled Nursing Properties ("SNF"): Senior housing properties providing restorative, rehabilitative and nursing care for people not requiring the more extensive and sophisticated treatment available at acute care hospitals. Many SNFs provide ancillary services that include occupational, speech, physical, respiratory and IV therapies, as well as sub-acute care services which are paid either by the patient, the patient's family, private health insurance, or through the federal Medicare or state Medicaid programs.

Stabilized: Newly acquired operating assets are generally considered stabilized at the earlier of lease-up (typically when occupancy reaches 80% at a SNF or 90% at an ALF) or 12 months from the acquisition date. Newly completed developments, including redevelopments, major renovations, and property additions, are considered stabilized at the earlier of lease-up or 24 months from the date the property is placed in service.

Under Development Properties ("UDP"): Development projects to construct senior living properties.

26

GLOSSARY