
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 1, 2016**
(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 1, 2016, LTC Properties, Inc. announced the operating results for the three months ended June 30, 2016. 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

- 99.1 Press Release issued August 1, 2016.
- 99.2 LTC Properties, Inc. Supplemental Information Package for the period ending June 30, 2016.

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.

LTC PROPERTIES, INC.

Dated: August 1, 2016

By: /s/ WENDY L. SIMPSON
Wendy L. Simpson
Chairman, CEO & President

**FOR IMMEDIATE RELEASE**

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

LTC REPORTS 2016 SECOND QUARTER RESULTS

WESTLAKE VILLAGE, CALIFORNIA, August 1, 2016 — LTC Properties, Inc. (NYSE: LTC), a real estate investment trust that primarily invests in seniors housing and health care properties, today announced operating results for its second quarter ended June 30, 2016 and recent investment activity.

Funds from Operations (“FFO”) increased 21.8% to \$29.2 million for the 2016 second quarter, up from \$24.0 million for the comparable 2015 period. FFO per diluted common share was \$0.77 and \$0.66 for the quarters ended June 30, 2016 and 2015, respectively, which represents a 16.7% per share increase. Normalized FFO increased 19.8% to \$29.2 million for the 2016 second quarter, up from \$24.4 million in the same period in 2015. Normalized FFO per diluted common share increased 14.9% to \$0.77 for the quarter ended June 30, 2016, up from \$0.67 in the same period in 2015. Net income available to common stockholders was \$22.1 million, or \$0.58 per diluted share, for the 2016 second quarter compared with \$17.0 million, or \$0.48 per diluted share, for the same period in 2015. The increase in FFO, normalized FFO and net income available to common stockholders was primarily due to higher revenues from recent acquisitions, mortgage loan originations and completed development projects, partially offset by higher interest expense resulting from the sale of senior unsecured notes and increased utilization of LTC’s line of credit.

LTC completed the following during the second quarter of 2016:

- Acquisition of two memory care communities in Kansas totaling 120 units for an aggregate purchase price of \$25.0 million;
- Acquisition of a newly constructed 60-unit memory care community in Kentucky for \$14.3 million;
- Acquisition of a newly constructed 70-unit assisted living and memory care community in Georgia for \$14.3 million;
- Completed construction of and opened a 56-unit memory care community in Texas;
- Origination of a \$12.3 million four-year term mortgage loan secured by two skilled nursing centers in Michigan, funding \$7.8 million at closing, with a commitment to fund an additional \$4.5 million for approved capital improvement projects;
- Sale of two skilled nursing centers in Texas totaling 235 beds for an aggregate price of \$6.8 million resulting in a net gain on sale of \$1.8 million;
- Sale of \$37.5 million of 4.15% senior unsecured notes due May 20, 2028; and
- Sale of 1,157,775 shares of its common stock for \$56.2 million in net proceeds under its equity distribution agreement.

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Subsequent to June 30, 2016, LTC completed the following:

- Completed construction of a 66-unit memory care community in Illinois;
- Sale of \$40.0 million of 3.99% senior unsecured notes due July 20, 2031 to an insurance company;
- Sale of 152,623 shares of common stock for \$7.7 million in net proceeds under its equity distribution agreement; and
- Sale of a school in New Jersey for \$3.9 million, resulting in a loss of approximately \$200,000.

Conference Call Information

LTC will conduct a conference call on Tuesday, August 2, 2016, at 8:00 a.m. Pacific Time (11:00 a.m. Eastern Time), to provide commentary on its performance and operating results for the quarter ended June 30, 2016. The conference call is accessible by telephone and the internet. Telephone access will be available by dialing 877-510-2862 (domestically) or 412-902-4134 (internationally). To participate in the webcast, go to LTC’s website at www.LTCreit.com 15 minutes before the call to download the necessary software.

An audio replay of the conference call will be available from August 3 through August 16, 2016 and may be accessed by dialing 877-344-7529 (domestically) or 412-317-0088 (internationally) and entering conference number 10090386. Additionally, an audio archive will be available on LTC’s website on the “Presentations” page of the “Investor Information” section, which is under the “Investors” tab. LTC’s earnings release and supplemental information package for the current period will be available on its website on the “Press Releases” and “Presentations” pages, respectively, of the “Investor Information” section which is under the “Investors” tab.

About LTC

LTC is a self-administered real estate investment trust that primarily invests in seniors housing and health care properties primarily through sale-leaseback transactions, mortgage financing and structured finance solutions including mezzanine lending. At June 30, 2016, LTC had 225 investments located in 30 states comprising 109 assisted living communities, 98 skilled nursing centers, 7 range of care communities, 1 school, 1 behavioral health care hospital, 5 parcels of land under development and 4 parcels of land held-for-use. Assisted living communities, independent living communities, memory care communities and combinations thereof are included in the assisted living property type. Range of care communities consist of properties providing skilled nursing and any combination of assisted living, independent living and/or memory care services. For more information on LTC Properties, Inc., visit the Company’s website at www.LTCreit.com.

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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 LTC’s most recent Annual Report on Form 10-K, its subsequent Quarterly Reports on Form 10-Q, and its 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 LTC 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.

(financial tables follow)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues:				
Rental income	\$ 33,072	\$ 27,116	\$ 64,952	\$ 53,794
Interest income from mortgage loans	6,811	5,053	13,389	9,660
Interest and other income	113	218	259	413
Total revenues	<u>39,996</u>	<u>32,387</u>	<u>78,600</u>	<u>63,867</u>
Expenses:				
Interest expense	6,750	3,854	12,750	7,620
Depreciation and amortization	8,907	6,977	17,468	13,756
Provision for doubtful accounts	118	429	202	432
Transaction costs	4	14	94	62
General and administrative expenses	4,117	3,938	8,400	7,386
Total expenses	<u>19,896</u>	<u>15,212</u>	<u>38,914</u>	<u>29,256</u>
Operating income	20,100	17,175	39,686	34,611
Income from unconsolidated joint ventures	278	753	550	869
Gain on sale of real estate, net	1,802	—	1,802	—
Net income	22,180	17,928	42,038	35,480
Income allocated to participating securities	(105)	(126)	(206)	(249)
Income allocated to preferred stockholders	—	(818)	—	(1,636)
Net income available to common stockholders	<u>\$ 22,075</u>	<u>\$ 16,984</u>	<u>\$ 41,832</u>	<u>\$ 33,595</u>
Earnings per common share:				
Basic	<u>\$ 0.58</u>	<u>\$ 0.48</u>	<u>\$ 1.11</u>	<u>\$ 0.95</u>
Diluted	<u>\$ 0.58</u>	<u>\$ 0.48</u>	<u>\$ 1.11</u>	<u>\$ 0.94</u>
Weighted average shares used to calculate earnings per common share:				
Basic	<u>37,969</u>	<u>35,299</u>	<u>37,707</u>	<u>35,288</u>
Diluted	<u>38,164</u>	<u>37,311</u>	<u>37,720</u>	<u>37,302</u>
Dividends declared and paid per common share	<u>\$ 0.54</u>	<u>\$ 0.51</u>	<u>\$ 1.08</u>	<u>\$ 1.02</u>

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Supplemental Reporting Measures

FFO, adjusted FFO (“AFFO”), and 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. The Company believes FFO, AFFO and FAD 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 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 like 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 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 have a different interpretation of the current NAREIT definition from that of 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, amortization of lease inducement, effective interest income and deferred income from unconsolidated joint ventures. 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. Effective interest method, as required by GAAP, is a technique for calculating the actual interest rate for the term of a mortgage loan based on the initial origination value. Similar to the accounting methodology of straight-line rent, the actual interest rate is higher than the stated interest rate in the early years of the mortgage loan thus creating an effective interest receivable asset included in the interest receivable line item in our consolidated balance sheet and reduces down to zero when, at some point during the mortgage loan, the stated interest rate is higher than the actual interest rate. By excluding the non-cash portion of rental income, interest income from mortgage loans and income from unconsolidated joint ventures, investors, analysts and our management can compare AFFO between periods. Normalized AFFO represents AFFO adjusted for certain items detailed in the reconciliations.

We define FAD as AFFO excluding the effects of non-cash compensation charges, capitalized interest and non-cash interest 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 dividend coverage between REITs. Normalized FAD represents FAD adjusted for certain items detailed in the reconciliations.

While the Company uses FFO, Normalized FFO, AFFO, Normalized AFFO, FAD and Normalized FAD as supplemental performance measures of our cash flow generated by operations and cash available for distribution to stockholders, such measures are not representative of cash generated from operating activities in accordance with 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, AFFO and FAD

The following table reconciles GAAP net income available to common stockholders to each of NAREIT FFO attributable to common stockholders and normalized FFO attributable to common stockholders, as well as normalized AFFO and normalized FAD (*unaudited, amounts in thousands, except per share amounts*):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
GAAP net income available to common stockholders	\$ 22,075	\$ 16,984	\$ 41,832	\$ 33,595
Add: Depreciation and amortization	8,907	6,977	17,468	13,756
Less: Gain on sale of real estate, net	(1,802)	—	(1,802)	—
NAREIT FFO attributable to common stockholders	29,180	23,961	57,498	47,351
Add: Non-recurring one-time items	—	400(1)	—	400(1)
Normalized FFO attributable to common stockholders	29,180	24,361	57,498	47,751
Less: Non-cash rental income	(2,160)	(1,795)	(4,477)	(3,718)
Less: Effective interest income from mortgage loans	(1,293)	(934)	(2,555)	(1,485)
Less: Deferred income from unconsolidated joint ventures	—	(502)	—	(579)
Normalized adjusted FFO (AFFO)	25,727	21,130	50,466	41,969
Add: Non-cash compensation charges	1,029	1,099	2,019	2,081
Add: Non-cash interest related to earn-out liabilities	166	55	315	109
Less: Capitalized interest	(256)	(150)	(942)	(297)
Normalized funds available for distribution (FAD)	\$ 26,666	\$ 22,134	\$ 51,858	\$ 43,862

(1) Represents a \$400 provision for loan loss reserve related to additional loan proceeds funded under an existing mortgage loan.

NAREIT Basic FFO attributable to common stockholders per share	\$ 0.77	\$ 0.68	\$ 1.52	\$ 1.34
NAREIT Diluted FFO attributable to common stockholders per share	\$ 0.77	\$ 0.66	\$ 1.52	\$ 1.31
NAREIT Diluted FFO attributable to common stockholders	\$ 29,285	\$ 24,905	\$ 57,704	\$ 49,236
Weighted average shares used to calculate NAREIT diluted FFO per share attributable to common stockholders	38,164	37,563	37,902	37,546
Basic normalized FFO attributable to common stockholders per share	\$ 0.77	\$ 0.69	\$ 1.52	\$ 1.35
Diluted normalized FFO attributable to common stockholders per share	\$ 0.77	\$ 0.67	\$ 1.52	\$ 1.32
Diluted normalized FFO attributable to common stockholders	\$ 29,285	\$ 25,305	\$ 57,704	\$ 49,636
Weighted average shares used to calculate diluted normalized FFO per share attributable to common stockholders	38,164	37,563	37,902	37,546
Basic normalized AFFO per share	\$ 0.68	\$ 0.60	\$ 1.34	\$ 1.19
Diluted normalized AFFO per share	\$ 0.68	\$ 0.59	\$ 1.34	\$ 1.17
Diluted normalized AFFO	\$ 25,832	\$ 22,074	\$ 50,672	\$ 43,854

Weighted average shares used to calculate diluted normalized AFFO per share	<u>38,164</u>	<u>37,563</u>	<u>37,902</u>	<u>37,546</u>
Basic normalized FAD per share	\$ 0.70	\$ 0.63	\$ 1.38	\$ 1.24
Diluted normalized FAD per share	<u>\$ 0.70</u>	<u>\$ 0.61</u>	<u>\$ 1.37</u>	<u>\$ 1.22</u>
Diluted normalized FAD	\$ 26,771	\$ 23,078	\$ 52,064	\$ 45,747
Weighted average shares used to calculate diluted normalized FAD per share	<u>38,164</u>	<u>37,563</u>	<u>37,902</u>	<u>37,546</u>

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

	June 30, 2016	December 31, 2015
ASSETS		
Investments:		
Land	\$ 113,746	\$ 106,741
Buildings and improvements	1,168,370	1,082,675
Accumulated depreciation and amortization	(260,971)	(246,170)
Operating real estate property, net	1,021,145	943,246
Properties held-for-sale, net of accumulated depreciation and amortization: 2016—\$5,248; 2015—\$5,095	4,022	4,175
Real estate property investments, net	1,025,167	947,421
Mortgage loans receivable, net of loan loss reserve: 2016—\$2,346; 2015—\$2,190	232,897	217,529
Real estate investments, net	1,258,064	1,164,950
Investments in unconsolidated joint ventures	24,036	24,042
Investments, net	1,282,100	1,188,992
Other assets:		
Cash and cash equivalents	17,756	12,942
Debt issue costs related to bank borrowings	2,375	2,865
Interest receivable	7,087	4,536
Straight-line rent receivable, net of allowance for doubtful accounts: 2016—\$880; 2015—\$833	47,373	42,685
Prepaid expenses and other assets	21,119	21,443
Notes receivable	2,315	1,961
Total assets	<u>\$ 1,380,125</u>	<u>\$ 1,275,424</u>
LIABILITIES		
Bank borrowings	\$ 122,000	\$ 120,500
Senior unsecured notes, net of debt issue costs: 2016—\$1,066; 2015—\$1,095	484,734	451,372
Accrued interest	4,046	3,974
Accrued incentives and earn-outs	13,717	12,722
Accrued expenses and other liabilities	24,885	27,654
Total liabilities	649,382	616,222
EQUITY		
Stockholders' equity:		
Common stock: \$0.01 par value; 60,000 shares authorized; shares issued and outstanding: 2016—39,069; 2015—37,548	391	375
Capital in excess of par value	829,228	758,676
Cumulative net income	970,366	928,328
Accumulated other comprehensive income	13	47
Cumulative distributions	(1,069,255)	(1,028,224)
Total equity	730,743	659,202
Total liabilities and equity	<u>\$ 1,380,125</u>	<u>\$ 1,275,424</u>

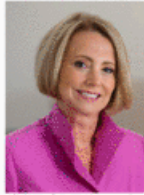


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Leadership



Wendy Simpson
Chairman, Chief Executive
Officer and President



Pam Kessler
Executive Vice President,
CFO and Secretary



Clint Malin
Executive Vice President and
Chief Investment Officer



Brent Chappell
Senior Vice President,
Investment and
Portfolio Management



Cece Chikhale
Senior Vice President,
Controller and Treasurer



Doug Korey
Senior Vice President of
Business Development



Peter Lyew
Vice President and
Director of Taxes

Board of Directors

Wendy Simpson
Chairman

Boyd Hendrickson
Lead Independent Director

James Pieczynski
Nominating & Corporate
Governance Committee
Chairman

Devra Shapiro
Audit Committee
Chairman

Timothy Triche, MD
Compensation Committee
Chairman

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Analyst Coverage



BMO Capital Markets Corp John Kim
Canaccord Genuity Paul Morgan
Cantor Fitzgerald Joseph France
Crowell, Weedon, & Co Doug Christopher
J.J. B. Hilliard, W.L. Lyons, Inc John Roberts
JMP Securities, LLC Peter Martin

KeyBanc Capital Markets, Inc Jordan Sadler
Mitsubishi – MUFG Karin Ford
Mizuho Securities USA Inc Rich Anderson
RBC Capital Markets Corporation Mike Carroll
Stifel, Nicolaus & Company, Inc Chad Vanacore
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, and forecasts of LTC or its management.

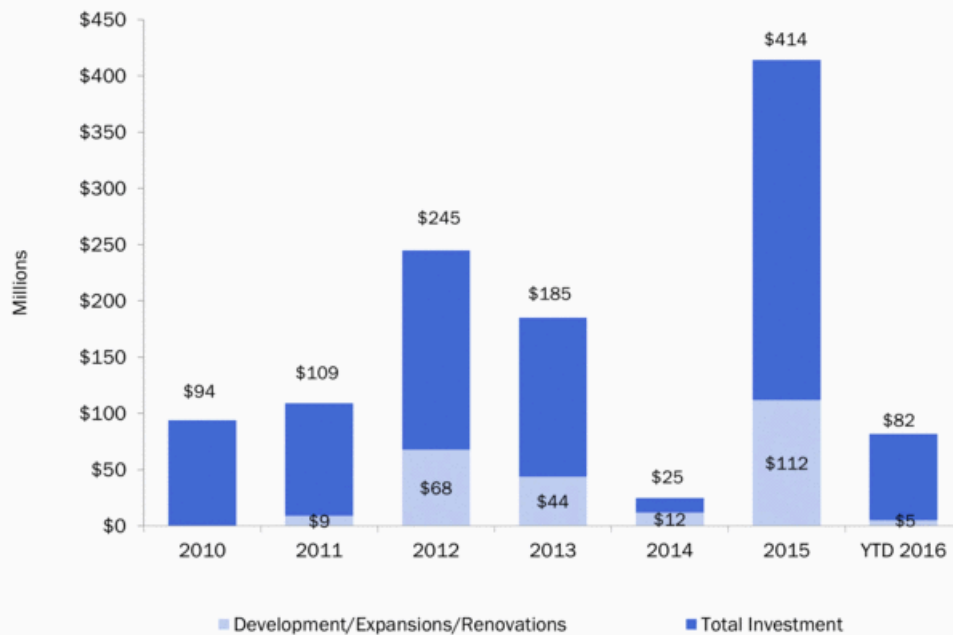


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Execution of Growth Strategy



\$1.2 Billion in Total Investments Underwritten



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Proforma Portfolio Overview ⁽¹⁾

(dollar amounts in thousands)



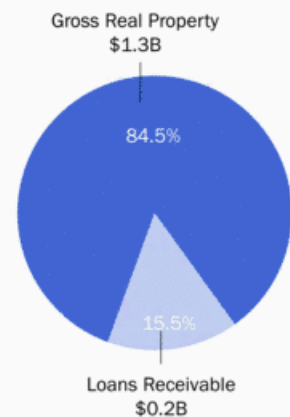
Type of Property	# of Properties	Gross Investments	% of Investments	Trailing Twelve Months Ended June 30, 2016		
				Rental Income ⁽²⁾	Interest Income ⁽²⁾	% of Revenues
Skilled Nursing	98	\$ 755,287	49.8%	\$ 58,552	\$ 24,514	56.2%
Assisted Living	109	663,387	43.6%	56,946	1,184	39.4%
Range of Care	7	43,907	2.9%	5,877	-	4.0%
Under Development ⁽³⁾	-	43,353	2.9%	-	-	-
Other ⁽⁴⁾	1	11,425	0.8%	590	65	0.4%
Total	215	\$ 1,517,359	100.0%	\$ 121,965	\$ 25,763	100.0%

(1) Proforma includes the sale of school subsequent to June 30, 2016.

(2) Includes contractual rental income and interest income from mortgage loans and excludes rental income from properties sold and interest income from loans that paid off during the twelve months ended June 30, 2016.

(3) Includes five development projects consisting of three MC communities with a total of 198 units, a 108-unit independent living community and an 89-unit combination ALF and MC community.

(4) Includes one behavioral health care hospital and four parcels of land.



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Real Estate Activities – Acquisitions & Loan Originations

(dollar amounts in thousands)



Acquisitions

		# of Properties	Property Type	# Beds/Units	Location	Operator	Date of Construction	Initial Cash Yield	Purchase Price	Additional Commitment ⁽¹⁾
2015	2/6	1	UDP ⁽²⁾	56 units	Corpus Christi, TX	Thrive Senior Living	2015-2016	8.75%	\$ 7,195	\$ 7,918
	2/19	1	SNF	106 beds	Slinger, WI	Fundamental	2014	10.30%	13,946	1,054
	2/20	1	UDP ⁽²⁾	89 units	Murrells Inlet, SC	Thrive Senior Living	2015-2016	8.75%	2,490	16,408
	5/26	1	UDP ⁽²⁾	66 units	Tinley Park, IL	Anthem Memory Care	2015-2016	9.25%	702	11,185
	5/29	1	UDP ⁽²⁾	108 units	Wichita, KS	Oxford Senior Living	2015-2016	7.43%	624	13,876
	8/17	10	ALF	891 units	WI and IL	Senior Lifestyle	1991-2009	6.50%	142,000	10,500
	9/23	1	UDP ⁽²⁾	66 units	Murrieta, CA	Anthem Memory Care	2015-2016	9.00%	2,022	10,584
	9/30	1	MC	60 units	Jacksonville, FL	Clarity Pointe	2015	8.00%	14,250	300
	10/19	1	UDP ⁽²⁾	66 units	Glenview, IL	Anthem Memory Care	2015-2017	9.00%	2,800	11,969
	10/28	1	OTH	118 beds	Las Vegas, NV	Fundamental	1990/1994	8.50%	9,250	3,000
	11/30	2	SNF	254 beds	Fort Worth & Weatherford, TX	Senior Care Centers	1998/1996	8.25%	23,000	500
		<u>21</u>		<u>1,402 units/478 beds</u>					<u>\$ 218,279</u>	<u>\$ 87,294</u>
2016	2/1	1	SNF	126 beds	Mansfield, TX	Fundamental	2015	8.50%	\$ 16,000	\$ -
	4/21	1	MC	60 units	Louisville, KY	Clarity Pointe	2016	8.00%	14,250	300
	4/29	2	MC	120 units	Wichita & Overland Park, KS	Anthem Memory Care	2011/2013	8.00%	25,000	1,300
	6/14	1	ALF/MC	70 units	Athens, GA	Thrive Senior Living	2016	8.00%	14,300	1,700
		<u>5</u>		<u>250 units/126 beds</u>					<u>\$ 69,550</u>	<u>\$ 3,300</u>

(1) Commitments may include capital improvement or development allowances for approved projects, incentive payments and contingent payments.

(2) See page 8 for development activities.

Loan Originations

Origination							Funded to Date	2016 YTD Revenue ⁽¹⁾	Stated Interest Rate	
Date	# of Properties	Property Type	# Beds/ Units	Location	Operator	Origination				
2015	1/30	1	SNF	157 beds	Grand Blanc, MI	Prestige Healthcare	\$ 15,000 ⁽²⁾	\$ 9,806	\$ 576	9.4%
	6/29	15	SNF	2,058 beds	Various cities in MI	Prestige Healthcare	40,000	40,000	2,467	9.4%
	10/30	2	SNF	273 beds	Farmington & Howell, MI	Prestige Healthcare	20,000	15,000	798	9.4%
		<u>18</u>		<u>2,488 beds</u>		<u>\$ 75,000</u>	<u>\$ 64,806</u>	<u>\$ 3,841</u>		
2016	4/29	2	SNF	216 beds	East Lansing, MI	Prestige Healthcare	\$ 12,250 ⁽³⁾	\$ 7,750	\$ 127	9.4%

(1) Represents year-to-date mortgage GAAP interest income.

(2) Initially, we originated \$11,000 and during 2016 we increased the investment commitment by \$4,000. See page 9 for funding activities.

(3) Represents the origination of a 4-year mortgage loan for \$12,250, funding \$7,750 at closing with the remaining commitment of \$4,500 available for approved capital improvement projects. Additionally, we committed \$8,000 to be funded upon the properties achieving certain predetermined coverage thresholds.

Page 7

Real Estate Activities – De Novo Development

(dollar amounts in thousands)



Oxford Villa at New Market
Wichita, KS



Oxford Villa at New Market
Wichita, KS

Estimated Rent/Interest Inception Date	Commitment Year	Location	# of Projects	Property Type	Approximate Initial Cash Yield	# Beds/ Units	Investment Commitment ⁽¹⁾	2Q16 Funding	Total Capitalized Interest/Other	Total Project Basis	Remaining Commitment ⁽²⁾
3Q16	2015	Murrells Inlet, SC	1	ALF/MC	8.75%	89 units	\$ 16,535	\$ 2,921	\$ 391	\$ 10,835	\$ 6,091
3Q16	2015	Tinley Park, IL	1	MC	9.25%	66 units	11,887	2,665	208	10,374	1,721
4Q16	2015	Wichita, KS	1	ILF	7.43%	108 units	14,500	3,400	150	7,882	6,768
4Q16	2015	Murrieta, CA	1	MC	9.00%	66 units	12,606	2,023	215	9,907	2,914
			<u>4</u>			<u>329 units</u>	<u>55,528</u>	<u>11,009</u>	<u>964</u>	<u>38,998</u>	<u>17,494</u>
2Q17	2015	Glenview, IL	1	MC	9.00%	66 units	14,769	583	139	4,354	10,554
		Total	<u>5</u>		<u>8.66%</u>	<u>395 units</u>	<u>\$ 70,297</u>	<u>\$ 11,592</u>	<u>\$ 1,103</u>	<u>\$ 43,352</u>	<u>\$ 28,048</u>

(1) Includes purchase of land and development commitment.

(2) Remaining Commitment is calculated as follows: "Investment Commitment" less "Total Project Basis" plus "Total Capitalized Interest/Other".

Page 8

Real Estate Activities – Expansions & Renovations

(dollar amounts in thousands)



Owned

Estimated Rent/Interest Inception Date	Commitment Year	Project Type	Location	# of Projects	Property Type	Approximate Initial Cash Yield	Investment Commitment	2Q16 Funding	Total Funded to Date	Remaining Commitment
- ⁽¹⁾	2015	Expansion	Mesa, AZ	1	SNF	9.00%	\$ 5,000 ⁽¹⁾	\$ 676	\$ 4,033	\$ 967
- ⁽²⁾	2015	Renovation	Las Vegas, NV	1	OTH	8.50%	3,000 ⁽²⁾	-	-	3,000
Total				2			\$ 8,000	\$ 676	\$ 4,033	\$ 3,967

Loaned

Estimated Rent/Interest Inception Date	Commitment Year	Project Type	Location	# of Projects	Property Type	Approximate Initial Cash Yield	Investment Commitment	2Q16 Funding	Total Funded to Date	Remaining Commitment
- ⁽³⁾	2013	Renovation	Various cities in MI	15	SNF	9.41%	\$ 12,000	\$ 1,896	\$ 11,725	\$ 275
- ⁽³⁾	2015	Expansion	Richmond, MI	1	SNF	9.41%	10,000	792	1,453	8,547
- ⁽³⁾	2015	Expansion	Rochester Hills, MI	1	SNF	9.41%	10,000	91	297	9,703
- ⁽⁴⁾	2015	Renovation	Farmington & Howell, MI	2	SNF	9.41%	5,000	-	-	5,000
- ⁽⁴⁾	2016	Expansion	Grand Blanc, MI	1	SNF	9.41%	5,500 ⁽⁵⁾	-	306	5,194
- ⁽⁴⁾	2016	Renovation	East Lansing, MI	2	SNF	9.41%	4,500	-	-	4,500
Total				22			\$ 47,000	\$ 2,779	\$ 13,781	\$ 33,219

(1) Rent increases upon each funding.

(2) Rent increases at each six month anniversary on amounts funded during that period.

(3) Commitments are part of the total loan commitment secured by 15 properties in Michigan operated by Prestige Healthcare. Interest payment increases upon each funding.

(4) Interest payment increases upon each funding.

(5) Increased investment from \$1,500 to \$5,500 during 2Q16.



Page 9

Real Estate Activities – Lease-Up

(dollar amounts in thousands)



Lease-Up

Date Opened	Occupancy at June 30, 2016	Commitment Year	Project Type	Location	# of Projects	Property Type	Approximate Initial Cash Yield	# Beds/Units	Total Funded/ Purchase Price
Feb-15	83%	2013	Development	Westminster, CO	1	MC	9.25%	60 units	\$ 10,703
Sep-15	40%	2015	Acquisition ⁽¹⁾	Jacksonville, FL	1	MC	8.00%	60 units	14,250
Feb-16	32%	2014	Development	Burr Ridge, IL	1	MC	9.30%	66 units	12,178
Apr-16	25%	2016	Acquisition ⁽²⁾	Louisville, KY	1	MC	8.00%	60 units	14,250
May-16	N/A ⁽³⁾	2015	Development	Corpus Christi, TX	1	MC	8.75%	56 units	13,524
					5			302 units	\$ 64,905

(1) Property was newly constructed and purchased in September 2015 following issuance of final certificate of occupancy and licensure.

(2) Property was newly constructed and purchased in April 2016 following issuance of final certificate of occupancy and licensure.

(3) Property received licensure in July 2016.

Lease-Up History

Property	Location	Property Type	Project Type	# Beds/Units	Date Opened	Date Stabilized	# of months to Stabilized Occupancy
Hillside Heights Rehabilitation Suites	Amarillo, TX	SNF	Redevelopment	120 beds	Jul 2013	Aug 2013	1
Highline Place	Littleton, CO	MC	Development	60 units	Jul 2013	Sep 2013	2
The Oxford Grand	Wichita, KS	ALF/MC	Development	77 units	Oct 2013	Sep 2014	11
Willowbrook Place	Littleton, CO	MC	Development	60 units	Aug 2014	Dec 2015	16
Mustang Creek Estates	Frisco, TX	ALF/MC	Development	80 units	Oct 2014	Dec 2015	14
Chelsea Place	Aurora, CO	MC	Development	48 units	Dec 2014	Mar 2016	15
Pavilion at Glacier Valley	Slinger, WI	SNF	Redevelopment	106 beds	Feb 2014	Feb 2016	24
Coldspring Transitional Care Center	Cold Spring, KY	SNF	Development	143 beds	Nov 2014	Jun 2016	19

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Real Estate Activities – Joint Ventures

(dollar amounts in thousands)



Commitment Year	Location	# of Projects	Property Type	Return	# Beds/ Units	Investment Commitment	Investment to Date	Remaining Investment Commitment
2015	Various cities in AZ	4	ALF/MC/ILF	15.00% ⁽¹⁾	585 units	\$ 25,650	\$ 20,622	\$ 5,028
2015	Ocala, FL	1	UDP	15.00% ⁽²⁾	99 units	2,900	2,900	-
					684 units	\$ 28,550	\$ 23,522	\$ 5,028

(1) Currently, 5% is paid in cash and 10% is deferred.

(2) Represents a mezzanine loan which is recorded as a joint venture for accounting purposes. Initial interest rate is 10% escalating up to 15%. Interest is deferred for a period ending on the earlier of February 1, 2017 or the effective date of the certificate of occupancy.



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Portfolio Metrics



Hickory Park
Greenfield, WI

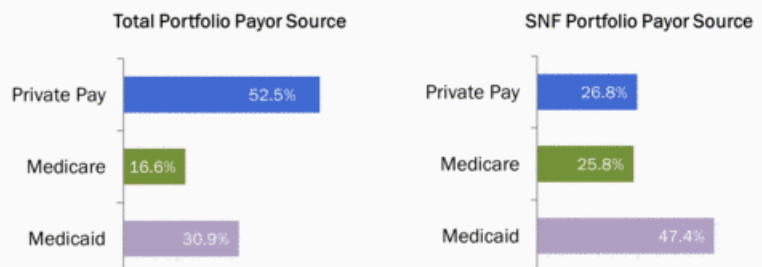
Same Property Portfolio Statistics ⁽¹⁾

	Occupancy		Normalized EBITDARM Coverage		Normalized EBITDAR Coverage	
	1Q16	4Q15	1Q16	4Q15	1Q16	4Q15
Owned Properties						
Assisted Living	86.0%	86.2%	1.57	1.61	1.35	1.38
Skilled Nursing	79.1%	79.4%	2.10	2.19	1.52	1.60
Range of Care	85.3%	85.3%	1.67	1.71	1.22	1.26

(1) Information is for the trailing twelve months through March 31, 2016 and December 31, 2015 and is from property level operator financial statements which are unaudited and have not been independently verified by us.

Stabilized Property Portfolio

TTM Ended March 31, 2016



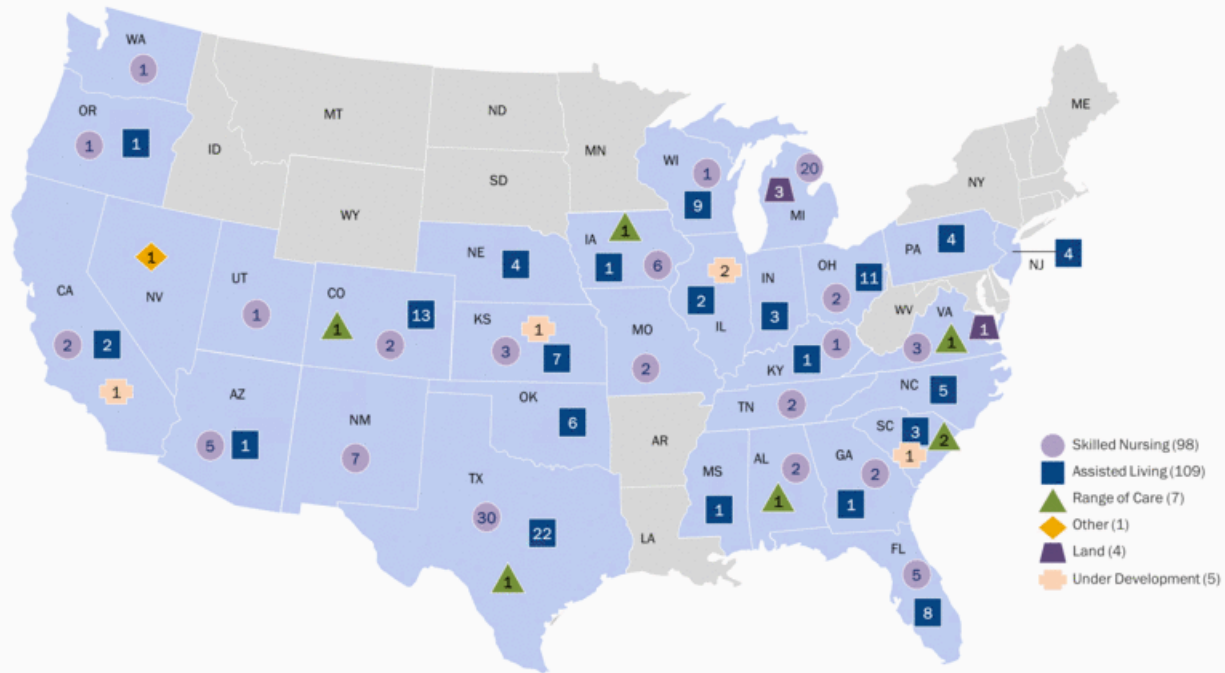
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Proforma Portfolio Diversification – Geography ⁽¹⁾

(as of June 30, 2016)



215 Properties | 5 Development Projects | 4 Land Parcels | 30 States | 32 Operators



(1) Proforma includes the sale of school subsequent to June 30, 2016.

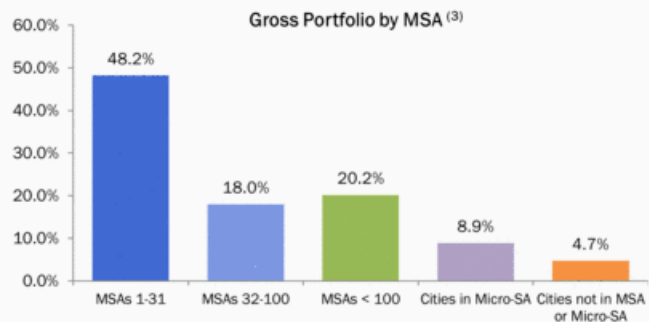
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Proforma Portfolio Diversification – Geography ⁽¹⁾

(as of June 30, 2016, dollar amounts in thousands)



State ⁽²⁾	# of Props	SNF	%	ALF	%	ROC	%	UDP	%	OTH	%	Gross Investment	%
Texas	53	\$ 221,898	29.4%	\$ 56,902	8.6%	\$ 2,994	6.8%	\$ -	-	\$ -	-	\$ 281,794	18.5%
Michigan	20	211,086	27.9%	-	-	-	-	-	-	943	8.3%	212,029	14.0%
Wisconsin	10	13,946	1.8%	111,734	16.9%	-	-	-	-	-	-	125,680	8.3%
Colorado	16	6,038	0.8%	106,879	16.1%	2,007	4.6%	-	-	-	-	114,924	7.6%
Ohio	13	54,000	7.2%	44,997	6.8%	-	-	-	-	-	-	98,997	6.5%
Florida	13	35,362	4.7%	45,856	6.9%	-	-	-	-	-	-	81,218	5.3%
Kansas	10	14,112	1.9%	42,341	6.4%	-	-	7,882	18.2%	-	-	64,335	4.2%
New Jersey	4	-	-	61,737	9.3%	-	-	-	-	-	-	61,737	4.1%
California	4	22,130	2.9%	28,071	4.2%	-	-	9,907	22.8%	-	-	60,108	4.0%
Illinois	2	-	-	42,698	6.4%	-	-	14,727	34.0%	-	-	57,425	3.8%
All Others	70	176,715	23.4%	122,172	18.4%	38,906	88.6%	10,837	25.0%	10,482	91.7%	359,112	23.7%
Total	215	\$ 755,287	100.0%	\$ 663,387	100.0%	\$ 43,907	100.0%	\$ 43,353	100.0%	\$ 11,425	100.0%	\$ 1,517,359	100.0%



Approximately 66% of our properties are in the Top 100 MSAs

MSAs 1 - 31 • Population 20.2M – 2.1M

MSAs 32 - 100 • Population 2.1M – 0.5M

MSAs < 100 • Population 0.5M – 55K

Cities in a Micro-SA • Population 218K – 14K

Cities not in MSA • Population less than 100K

(1) Proforma includes the sale of school subsequent to June 30, 2016.

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

(3) The MSA rank by population as of July 1, 2015, as estimated by the United States Census Bureau.

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Proforma Portfolio Diversification – Operators ⁽¹⁾

(as of June 30, 2016, dollar amounts in thousands)

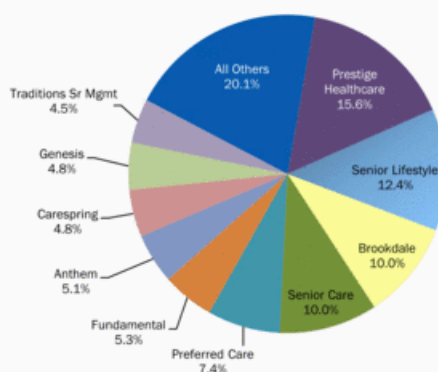


Operators	# of Properties	Annual Income ⁽²⁾	%	Gross Investment	%
Prestige Healthcare	22	\$ 24,650	15.6%	\$ 224,219	14.8%
Senior Lifestyle Corporation	27	19,509	12.4%	200,515	13.2%
Brookdale Senior Living	37	15,801	10.0%	126,991	8.4%
Senior Care Centers	11	15,756	10.0%	138,109	9.1%
Preferred Care	30	11,659	7.4%	90,047	5.9%
Fundamental	7	8,306	5.3%	74,652	4.9%
Anthem Memory Care	7	8,047	5.1%	102,714	6.8%
Carespring Health Care Management	3	7,635	4.8%	77,546	5.1%
Genesis Healthcare	8	7,614	4.8%	54,864	3.6%
Traditions Senior Management	5	7,121	4.5%	64,610	4.3%
All Others	58	31,764	20.1%	363,092	23.9%
	215	\$ 157,862	100.0%	\$ 1,517,359	100.0%

(1) Proforma includes the sale of school subsequent to June 30, 2016.

(2) Includes annualized GAAP rent for leased properties and interest income from mortgage loans excluding rental income from properties sold and interest income from loans that paid off during the twelve months ended June 30, 2016.

Annual Income by Operator



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Portfolio Diversification - Top Ten Operator Profiles

(as of June 30, 2016)



Privately Held

SNF/ALF/ILF
Other Rehab

68 Properties

7 States



Privately Held

ALF/ILF/MC/SNF
Short Term Stays

170 Properties

27 States



NYSE: BKD

ALF/ILF/MC
Continuing Care

Approx 1,121 Properties

47 States



Privately Held

SNF/ALF/ILF/MC
Transitional Care & Rehab

108 Properties

2 States



Preferred Care, Inc.

Privately Held

SNF/ALF/ILF
Specialty Care

112 Properties

12 States



Privately Held

SNF/ALF/MC
Hospitals & Other Rehab

74 Properties

9 States



Privately Held

Exclusively MC

9 Properties

4 States

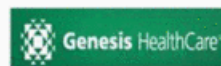


Privately Held

SNF/ALF/ILF
Transitional Care

11 Properties

2 States



NYSE: GEN

SNF/ALF
Senior Living

More than 500 Properties

34 States



Privately Held

SNF/ALF/ILF

24 Properties

5 States

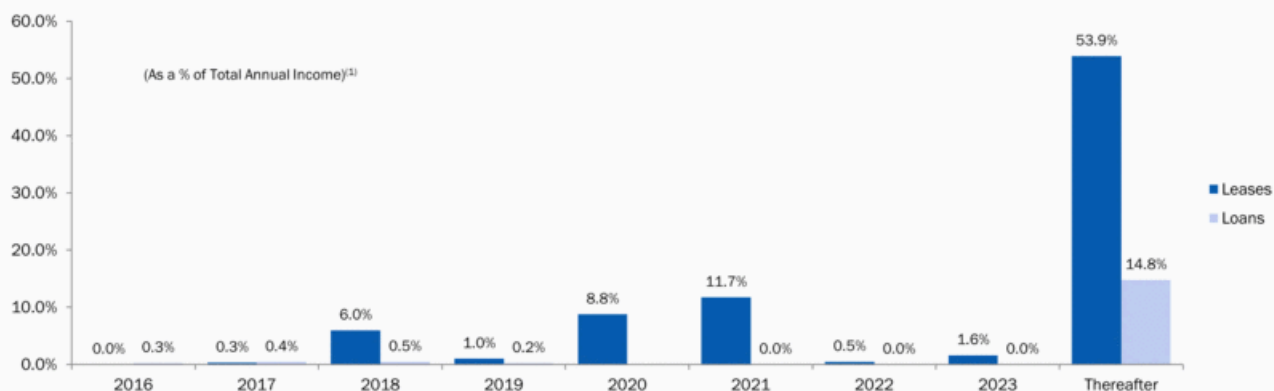
Page 16

Proforma Portfolio Maturity ⁽¹⁾

(as of June 30, 2016, dollar amounts in thousands)



Year	Rental Income ⁽²⁾	% of Total	Interest Income ⁽²⁾	% of Total	Annual Income ⁽²⁾	% of Total
2016	\$ -	-	\$ 415	1.6%	\$ 415	0.3%
2017	359	0.3%	665	2.6%	1,024	0.7%
2018	9,417	7.1%	889	3.4%	10,306	6.5%
2019	1,571	1.2%	379	1.5%	1,950	1.2%
2020	13,826	10.5%	127	0.5%	13,953	8.8%
2021	18,502	14.0%	-	-	18,502	11.7%
2022	771	0.6%	-	-	771	0.5%
2023	2,539	1.9%	-	-	2,539	1.6%
Thereafter	85,114	64.4%	23,288	90.4%	108,402	68.7%
Total	\$ 132,099	100.0%	\$ 25,763	100.0%	\$ 157,862	100.0%



(1) Proforma includes the sale of school subsequent to June 30, 2016.

(2) Includes annualized GAAP rent for leased properties and interest income from mortgage loans excluding rental income from properties sold and interest income from loans that paid off during the twelve months ended June 30, 2016 and the school sold subsequent to June 30, 2016.

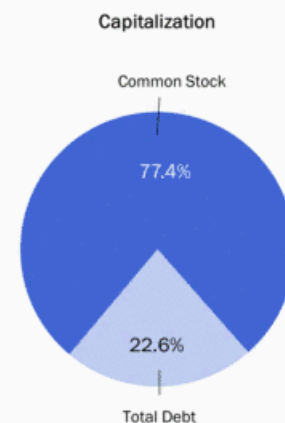
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Proforma Enterprise Value

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



	At June 30, 2016	Capitalization
Debt		
Bank borrowings - weighted average rate 2.0% ⁽¹⁾	\$ 81,000	
Senior unsecured notes - weighted average rate 4.6% ⁽²⁾	512,234	
Total debt - weighted average rate 4.2%	593,234	22.6%
Equity		
	No. of shares	6/30 Closing Price
Common stock	39,221,681 ⁽³⁾	\$ 51.73 ⁽⁴⁾
		2,028,938
		77.4%
Total Market Value		\$ 2,622,172
		100%
Less: Cash and cash equivalents	(14,463)	
Enterprise Value		\$ 2,607,709
Debt to Enterprise Value		22.7%
Debt to Annualized Normalized EBITDA ⁽⁵⁾		4.2x



(1) Total commitment under our unsecured revolving line of credit is \$600,000 which matures in October 2018, with a one-year extension option. Subsequent to June 30, 2016, we paid down \$41,000 and have \$81,000 outstanding with \$519,000 available for borrowing.

(2) Represents outstanding balance of \$485,800, net of debt issue costs of \$1,066. Rate includes amortization of debt issue cost. Subsequent to June 30, 2016, we sold \$40,000 of 3.99% senior unsecured notes and paid down principal of \$12,500 of the Series B Prudential notes.

(3) Proforma for common stock sold under our ATM program subsequent to June 30, 2016.

(4) Closing price of our common stock as reported by the NYSE on June 30, 2016.

(5) See page 21 for reconciliation of annualized normalized EBITDA for the twelve months ended June 30, 2016.

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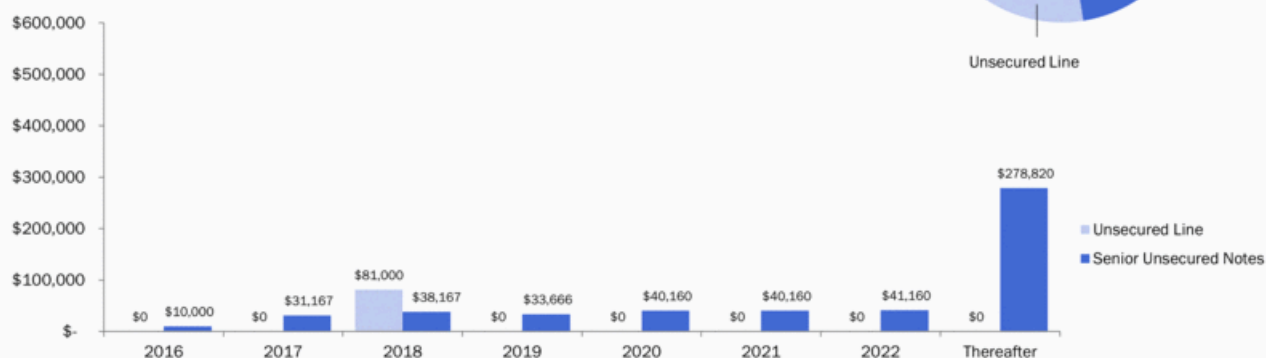
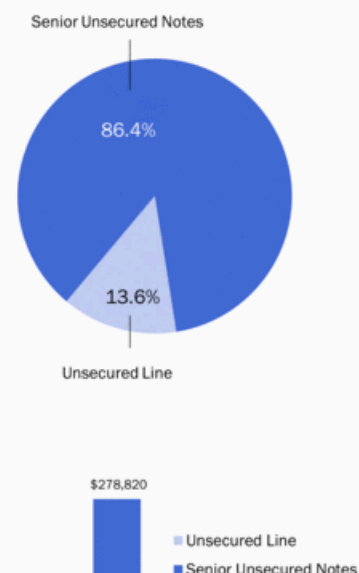
Proforma Debt Maturity

(as of June 30, 2016, dollar amounts in thousands)



Year	Unsecured Line of Credit ⁽¹⁾	Senior Unsecured Notes ⁽²⁾	Total	% of Total
2016	\$ -	\$ 10,000	\$ 10,000	1.7%
2017	-	31,167	31,167	5.2%
2018	81,000	38,167	119,167	20.0%
2019	-	33,666	33,666	5.7%
2020	-	40,160	40,160	6.8%
2021	-	40,160	40,160	6.8%
2022	-	41,160	41,160	6.9%
Thereafter	-	278,820	278,820	46.9%
Total	\$ 81,000	\$ 513,300	\$ 594,300 ⁽³⁾	100.0%

Debt Structure



- (1) Total commitment under our unsecured revolving line of credit is \$600,000 which matures in October 2018, with a one-year extension option. Subsequent to June 30, 2016, we paid down \$41,000 and have \$81,000 outstanding with \$519,000 available for borrowing.
- (2) Reflects scheduled principal payments. Proforma reflects \$40,000 of 3.99% senior unsecured notes and a principal payment of \$12,500 of the Series B Prudential notes subsequent to June 30, 2016.
- (3) Excludes debt issue costs which are included in the balance sheet amounts shown on page 18.

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Financial Data Summary

(dollar amounts in thousands)



Balance Sheet, Leverage Ratios and Coverage Ratios

	2Q16 Proforma ⁽¹⁾	2Q16	4Q15	4Q14	4Q13
Balance Sheet					
Gross real estate assets	\$1,517,359	\$1,526,629	\$1,418,405	\$1,117,167	\$1,104,732
Net real estate assets	1,254,042	1,258,064	1,164,950	892,179	884,361
Gross asset value	1,636,126	1,648,690	1,528,879	1,189,758	1,150,676
Total debt ⁽²⁾	593,234	606,734	571,872	280,584	277,730
Total liabilities	635,882	649,382	616,222	304,649	297,867
Preferred stock	-	-	-	38,500	38,500
Total equity	736,927	730,743	659,202	660,121	632,438
Leverage Ratios					
Debt to gross asset value	36.3%	36.8%	37.4%	23.6%	24.1%
Debt & preferred stock to gross asset value	36.3%	36.8%	37.4%	26.8%	27.5%
Debt to total enterprise value	22.7%	23.2%	26.2%	15.4%	18.0%
Debt & preferred stock to total enterprise value	22.7%	23.2%	26.2%	17.5%	20.5%
Coverage Ratios					
Debt to annualized normalized EBITDA	4.2x	4.2x	4.3x	2.3x	2.9x
Annualized normalized EBITDA / interest incurred	5.0x	5.1x	5.7x	7.6x	7.9x
Annualized normalized EBITDA / fixed charges	5.0x	5.1x	5.7x	6.3x	6.2x

- (1) Proforma reflects sale of school, sale of 3.99% senior unsecured notes, sale of common stock under our ATM program, pay down of \$41,000 under the unsecured revolving line of credit, and principal payment of \$12,500 of the Series B Prudential notes subsequent to June 30, 2016.
- (2) Represents outstanding balance of gross bank borrowings and senior unsecured notes, net of debt issue costs.

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Financial Data Summary

(dollar amounts in thousands)



Reconciliation of Annualized Normalized EBITDA and Fixed Charges

	2Q16 Proforma ⁽¹⁾	2Q16	4Q15	4Q14	4Q13
Net income	\$ 81,783	\$ 83,314	\$ 76,808	\$ 84,000	\$ 58,600
Less: Gain on sale of real estate, net	(1,610) ⁽²⁾	(1,802) ⁽²⁾	(586) ⁽³⁾	(3,819) ⁽²⁾	-
Add: Impairment on real estate for sale	-	-	2,250 ⁽³⁾	-	-
Add: Interest expense	27,327	27,000	22,324	14,732	11,408
Add: Depreciation and amortization	35,322	35,628	33,240	26,376	24,948
Adjusted EBITDA	142,822	144,140	134,036	121,289	94,956
Add back/(deduct):					
Non-recurring one-time items	-	-	-	-	1,980 ⁽⁴⁾
Normalized EBITDA	\$ 142,822	\$ 144,140	\$ 134,036	\$ 121,289	\$ 96,936
Interest expense:	\$ 27,327	27,000	\$ 22,324	\$ 14,732	\$ 11,408
Add: Capitalized interest	1,024	1,024	1,384	1,160	856
Interest incurred	28,351	28,024	23,708	15,892	12,264
Interest incurred	28,351	28,024	23,708	15,892	12,264
Preferred stock dividend	-	-	-	3,276	3,276
Fixed Charges	\$ 28,351	\$ 28,024	\$ 23,708	\$ 19,168	\$ 15,540

- (1) Proforma reflects sale of school, sale of 3.99% senior unsecured notes, pay down of \$41,000 under the unsecured revolving line of credit, and principal payment of \$12,500 of the Series B Prudential notes subsequent to June 30, 2016.
- (2) Gain on sale of real estate was not annualized.
- (3) In 1Q16, we sold a 48-unit assisted living community and recorded an impairment charge of \$2,250 to write the property down to the sale price. Gain on sale of real estate and impairment on real estate for sale were not annualized.
- (4) Represents a \$1,244 provision for loan loss reserve on a \$124,387 mortgage loan origination, and an \$869 non-cash write-off of straight-line rent offset by revenue from the Sunwest bankruptcy settlement distribution of \$133. Non-recurring one-time items were not annualized.

Non-Cash Revenue Components

	2Q16	3Q16 ⁽¹⁾	4Q16 ⁽¹⁾	1Q17 ⁽¹⁾	2Q17 ⁽¹⁾
Straight-line rent	\$ 2,619	\$ 2,596	\$ 2,128	\$ 1,372	\$ 1,438
Amort of lease inducement	(459)	(465)	(465)	(465)	(465)
Effective Interest	1,293	1,352	1,384	1,377	1,380
Net	\$ 3,453	\$ 3,483	\$ 3,047	\$ 2,284	\$ 2,353

- (1) For leases and loans in place at June 30, 2016, proforma for school sold subsequent to June 30, 2016 assuming no renewals, modification or replacement, and no new investments are added to our portfolio.

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Income Statement Data

(amounts in thousands, except per share amounts)



Village at Athens
Athens, GA

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(unaudited)		(unaudited)	
Revenues				
Rental income	\$ 33,072	\$ 27,116	\$ 64,952	\$ 53,794
Interest income from mortgage loans	6,811	5,053	13,389	9,660
Interest and other income	113	218	259	413
Total revenues	39,996	32,387	78,600	63,867
Expenses				
Interest expense	6,750	3,854	12,750	7,620
Depreciation and amortization	8,907	6,977	17,468	13,756
Provision for doubtful accounts	118	429	202	432
Transaction costs	4	14	94	62
General and administrative expenses	4,117	3,938	8,400	7,386
Total expenses	19,896	15,212	38,914	29,256
Operating Income	20,100	17,175	39,686	34,611
Income from unconsolidated joint ventures	278	753	550	869
Gain on sale of real estate, net	1,802	-	1,802	-
Net Income	22,180	17,928	42,038	35,480
Income allocated to participating securities	(105)	(126)	(206)	(249)
Income allocated to preferred stockholders	-	(818)	-	(1,636)
Net income available to common stockholders	\$ 22,075	\$ 16,984	\$ 41,832	\$ 33,595
Earnings per common share:				
Basic	\$0.58	\$0.48	\$1.11	\$0.95
Diluted	\$0.58	\$0.48	\$1.11	\$0.94
Weighted average shares used to calculate earnings per common share:				
Basic	37,969	35,299	37,707	35,288
Diluted	38,164	37,311	37,720	37,302
Dividends declared and paid per common share	\$0.54	\$0.51	\$1.08	\$1.02

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Consolidated Balance Sheets

(amounts in thousands, except per share amounts)



	June 30, 2016 (unaudited)	December 31, 2015 (audited)		June 30, 2016 (unaudited)	December 31, 2015 (audited)
ASSETS			LIABILITIES		
Investments:			Bank borrowings		
Land	\$ 113,746	\$ 106,741		\$ 122,000	\$ 120,500
Buildings and improvements	1,168,370	1,082,675	Senior unsecured notes, net of debt issue costs: 2016 - \$1,066; 2015 - \$1,095		
Accumulated depreciation and amortization	(260,971)	(246,170)		484,734	451,372
Operating real estate property, net	1,021,145	943,246	Accrued interest		
Properties held-for-sale, net of accumulated depreciation and amortization: 2016 - \$5,248; 2015 - \$5,095	4,022	4,175		4,046	3,974
Real property investments, net	1,025,167	947,421	Accrued incentives and earn-outs		
Mortgage loans receivable, net of loan loss reserves: 2016 - \$2,346; 2015 - \$2,190	232,897	217,529		13,717	12,722
Real estate investments, net	1,258,064	1,164,950	Accrued expenses and other liabilities		
Investments in unconsolidated joint ventures	24,036	24,042		24,885	27,654
Investments, net	1,282,100	1,188,992	Total liabilities		
Other assets:				649,382	616,222
Cash and cash equivalents	17,756	12,942	EQUITY		
Debt issue costs related to bank borrowings	2,375	2,865	Stockholders' equity:		
Interest receivable	7,087	4,536	Common stock ⁽¹⁾		
Straight-line rent receivable, net of allowance for doubtful accounts: 2016 - \$880; 2015 - \$833	47,373	42,685		391	375
Prepaid expenses and other assets	21,119	21,443	Capital in excess of par value		
Notes receivable	2,315	1,961		829,228	758,676
Total assets	\$ 1,380,125	\$ 1,275,424	Cumulative net income		
				970,366	928,328
			Accumulated other comprehensive income		
				13	47
			Cumulative distributions		
				(1,069,255)	(1,028,224)
			Total equity		
				730,743	659,202
			Total liabilities and equity		
				\$ 1,380,125	\$ 1,275,424

(1) Common stock \$0.01 par value; 60,000 shares authorized; shares issued and outstanding: 2016 - 39,069; 2015 - 37,548

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Funds from Operations

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



Reconciliation of FFO, AFFO, and FAD

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
GAAP net income available to common stockholders	\$ 22,075	\$ 16,984	\$ 41,832	\$ 33,595
Add: Depreciation and amortization	8,907	6,977	17,468	13,756
Less: Gain on sale of real estate, net	(1,802)	-	(1,802)	-
NAREIT FFO attributable to common stockholders	29,180	23,961	57,498	47,351
Add: Non-recurring one-time items	-	400 ⁽¹⁾	-	400 ⁽¹⁾
Normalized FFO attributable to common stockholders	29,180	24,361	57,498	47,751
Less: Non-cash rental income	(2,160)	(1,795)	(4,477)	(3,718)
Less: Effective interest income from mortgage loans	(1,293)	(934)	(2,555)	(1,485)
Less: Deferred income from unconsolidated joint ventures	-	(502)	-	(579)
Normalized adjusted FFO (AFFO)	25,727	21,130	50,466	41,969
Add: Non-cash compensation charges	1,029	1,099	2,019	2,081
Add: Non-cash interest related to earn-out liabilities	166	55	315	109
Less: Capitalized interest	(256)	(150)	(942)	(297)
Normalized funds available for distribution (FAD)	\$ 26,666	\$ 22,134	\$ 51,858	\$ 43,862
NAREIT Diluted FFO attributable to common stockholders per share	\$0.77	\$0.66	\$1.52	\$1.31
Diluted normalized FFO attributable to common stockholders per share	\$0.77	\$0.67	\$1.52	\$1.32
Diluted normalized AFFO per share	\$0.68	\$0.59	\$1.34	\$1.17
Diluted normalized FAD per share	\$0.70	\$0.61	\$1.37	\$1.22

(1) Represents a \$400 provision for loan loss reserve related to additional loan proceeds funded under an existing mortgage loan.

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Funds from Operations

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



Reconciliation of FFO Per Share

For the six months ended June 30,

Normalized FFO/AFFO/FAD attributable to common stockholders

Effect of dilutive securities:

Participating securities

Series C cumulative preferred

Diluted normalized FFO/AFFO/FAD assuming conversion

Shares for basic FFO/AFFO/FAD per share

Effect of dilutive securities:

Stock options

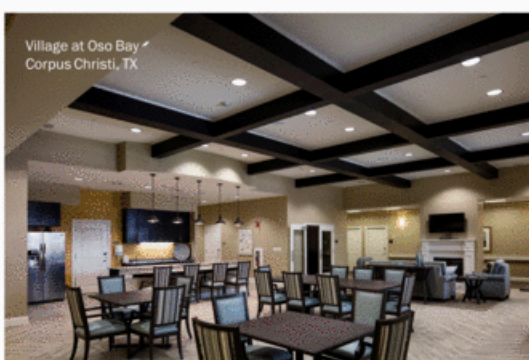
Participating securities

Series C cumulative preferred

Shares for diluted normalized FFO/AFFO/FAD per share

Diluted normalized FFO/AFFO/FAD per share

	FFO		AFFO		FAD	
	2016	2015	2016	2015	2016	2015
Normalized FFO/AFFO/FAD attributable to common stockholders	\$ 57,498	\$ 47,751	\$ 50,466	\$ 41,969	\$ 51,858	\$ 43,862
Effect of dilutive securities:						
Participating securities	206	249	206	249	206	249
Series C cumulative preferred	-	1,636	-	1,636	-	1,636
Diluted normalized FFO/AFFO/FAD assuming conversion	\$ 57,704	\$ 49,636	\$ 50,672	\$ 43,854	\$ 52,064	\$ 45,747
Shares for basic FFO/AFFO/FAD per share	37,707	35,288	37,707	35,288	37,707	35,288
Effect of dilutive securities:						
Stock options	13	14	13	14	13	14
Participating securities	182	244	182	244	182	244
Series C cumulative preferred	-	2,000	-	2,000	-	2,000
Shares for diluted normalized FFO/AFFO/FAD per share	37,902	37,546	37,902	37,546	37,902	37,546
Diluted normalized FFO/AFFO/FAD per share	\$1.52	\$1.32	\$1.34	\$1.17	\$1.37	\$1.22



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Glossary



Adjusted Funds From Operations ("AFFO"): FFO excluding the effects of straight-line rent, amortization of lease inducement, effective interest income and deferred income from unconsolidated joint ventures.

Assisted Living Properties ("ALF"): The ALF portfolio consists of assisted living, independent living, and/or memory care properties. (See Independent Living and Memory Care) Assisted living properties are seniors 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.

Funds Available for Distribution ("FAD"): AFFO excluding the effects of non-cash compensation charges, capitalized interest and non-cash interest 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 sum of the purchase price and transaction costs.

GAAP Rent: Total rent we will receive as a fixed amount over the initial term of the lease and recognized evenly over that term. 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: The carrying amount of total assets after adding back accumulated depreciation and loan loss reserves, as reported in the company's consolidated financial statements.

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

Independent Living Properties ("ILF"): Seniors housing properties offering a sense of community and 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 seniors apartments.

Interest Income: Represents interest income from mortgage loans.

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Licensed Beds/Units: The number of beds and/or units that an operator is authorized to operate at seniors housing and long-term care properties. Licensed beds and/or units may differ from the number of beds and/or units in service at any given time.

Memory Care Properties ("MC"): Seniors housing properties offering specialized options for seniors with Alzheimer's disease and other forms of dementia. These facilities offer dedicated care and specialized programming for various conditions relating to memory loss in a secured environment that is typically smaller in scale and more residential in nature than traditional assisted living facilities. These facilities have staff available 24 hours a day to respond to the unique needs of their residents.

Metropolitan Statistical Areas ("MSA"): Based on the U.S. Census Bureau, MSA is a geographic entity defined by the Office of Management and Budget (OMB) for use by Federal statistical agencies in collecting, tabulating, and publishing Federal statistics. A metro area contains a core urban area of 50,000 or more population.

Micropolitan Statistical Areas ("Micro-SA"): Based on the U.S. Census Bureau, Micro-SA is a geographic entity defined by the Office of Management and Budget (OMB) for use by Federal statistical agencies in collecting, tabulating, and publishing Federal statistics. A micro area contains an urban core of at least 10,000 (but less than 50,000) population.

Net Real Estate Assets: Gross real estate 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: AFFO adjusted for non-recurring, infrequent or unusual items.

Normalized EBITDAR Coverage: The trailing twelve month's earnings from the operator financial statements adjusted for non-recurring, infrequent, or unusual items and before interest, taxes, depreciation, amortization, and rent divided by the operator's contractual lease rent. Management fees are imputed at 5% of revenues.

Normalized EBITDARM Coverage: The trailing twelve month's earnings from the operator financial statements adjusted for non-recurring, infrequent, or unusual items and before interest, taxes, depreciation, amortization, rent, and management fees divided by the operator's contractual lease rent.

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

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 which are unaudited and have not been independently verified by us.

Payor Source: LTC revenue by operator underlying payor source for the period 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.

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).

Range of Care ("ROC"): Range of care properties consist of properties providing skilled nursing and any combination of assisted living, independent living and/or memory care services.

Rental Income: Represents GAAP rent net of amortized lease inducement cost.

Same Property Portfolio ("SPP"): Same property statistics allow for the comparative evaluation of performance across a consistent population of LTC's leased property portfolio. Our SPP is comprised of stabilized properties owned and operated throughout the duration of the quarter-over-quarter comparison periods presented (excluding assets sold and assets held-for-sale). Accordingly, a leased property must be owned and stabilized for a minimum of 15 months if it is an acquired property, or 27 months if it is a development project, to be included in our SSP.

School: An institution for educating students which includes a charter school. Charter schools provide an alternative to the traditional public school and 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"): Seniors 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: Properties are generally considered stabilized upon the earlier of achieving certain occupancy thresholds (e.g. 80% for SNFs and 90% for ALFs) and, as applicable, 12 months from the date of acquisition or, in the event of a de novo development, redevelopment, major renovations or addition, 24 months from the date the property is first placed in or returned to service.

Under Development Properties ("UDP"): Development projects to construct seniors housing properties.



Company

Founded in 1992, LTC Properties, Inc. ("LTC") is a self-administered real estate investment trust that primarily invests in seniors housing and health care properties through facility lease transactions, mortgage loans, and other investments. Our primary objectives are to create, sustain and enhance stockholder equity value and provide current income for distribution to stockholders through real estate investments in seniors housing and health care properties managed by experienced operators. Our primary seniors housing and health care property types include skilled nursing centers (or SNF), assisted living communities (or ALF), independent living communities (or ILF), memory care communities (or MC), and combinations thereof. 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, property type and form of investment. For more information on LTC, visit the Company's website at www.LTCreit.com.

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, 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, 2015 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 adjusted EBITDA, normalized EBITDA, FFO, normalized FFO, normalized AFFO, normalized FAD, normalized interest coverage ratio, and normalized fixed charges coverage ratio. A reconciliation of this non-GAAP information is provided on pages 21, 24, and 25 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.LTCreit.com.