
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 9, 2017**
(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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. — Results of Operations and Financial Condition

On August 9, 2017, LTC Properties, Inc. announced the operating results for the three months ended June 30, 2017. 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 9, 2017.
- 99.2 LTC Properties, Inc. Supplemental Information Package for the period ending June 30, 2017.

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 9, 2017

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

**FOR IMMEDIATE RELEASE**

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

LTC REPORTS 2017 SECOND QUARTER RESULTS

WESTLAKE VILLAGE, CALIFORNIA, August 9, 2017— 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, 2017.

Net income available to common stockholders was \$25.3 million, or \$0.64 per diluted share, for the 2017 second quarter compared with \$22.1 million, or \$0.58 per diluted share, for the same period in 2016. The improvement was primarily due to higher revenues from prior year acquisitions, mezzanine loan originations, completed development projects and a net gain on sale of \$5.1 million, resulting from the sale of four assisted living communities during the 2017 second quarter. This was partially offset by an impairment charge related to the transition of two memory care communities to another operator, as discussed below, and general and administrative expenditures related to the implementation of performance-based stock awards.

Funds from Operations ("FFO") increased 7.6% to \$31.4 million for the 2017 second quarter, up from \$29.2 million for the comparable 2016 period. FFO per diluted common share was \$0.79 and \$0.77 for the quarters ended June 30, 2017 and 2016, respectively, on approximately 4.3% more diluted weighted average shares outstanding. The increase in FFO was primarily due to the same factors that impacted net income available to common stockholders, except for the impairment charge which is added back to FFO.

LTC completed the following transactions during the second quarter of 2017:

- Sold four assisted living communities in Indiana and Iowa, totaling 175 units for an aggregate sales price of \$14.3 million, and recognized a net gain on sale of \$5.1 million. Rental revenue is expected to decrease by \$951,000 on an annual basis as a result of the sale;
- Acquired a 107-unit assisted living community and a senior housing community with 25 independent living and 48 memory care units, both in California, for an aggregate purchase price of \$38.8 million. Simultaneously upon closing, LTC entered into a 15-year master lease agreement with a new operator at an initial cash yield of 7.0% and added the properties to the master lease agreement;
- Issued a default notice on a master lease covering 11 memory care communities, two of which are under development. LTC is currently negotiating the transition of two of the operational properties to another operator in its portfolio. Accordingly, as of June 30, 2017, LTC wrote off approximately \$1.9 million of straight-line rent and other receivables related to these two properties. LTC is currently in negotiations with the operator regarding the remaining properties and is exploring options which may include transitioning some or all of the properties to another operator and/or a possible sale of some or all of the properties. Subsequent to June 30, 2017, the rent paid by this operator will be recorded on a cash basis. Annual GAAP rent under the master lease is approximately \$11.7 million, and at June 30, 2017 the net book value of the properties was \$111.6 million. LTC had \$8.6 million in straight-line rent receivable and \$6.6 million in other assets on its balance sheet at June 30, 2017; and

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- Entered into agreements to transition two memory care communities to a different operator in its portfolio, contingent upon licensure by the new operator, which is anticipated to occur in the third quarter of 2017. Additionally, LTC purchased a newly constructed 60-unit memory care community in Ohio for \$15.7 million and added it to a master lease with the same operator who is taking over the management of the two memory care communities noted above. Based on the timing of the transition and funds held in escrow, LTC estimates a potential write-off of straight-line rent receivable ranging from \$0 to \$383,000. Annual GAAP rent under the lease being terminated related to the two communities being transitioned was \$2.4 million and annual GAAP rent under the master lease prior to the addition of all three properties was approximately \$3.8 million, which will increase to \$6.3 million after the additions.

Conference Call Information

LTC will conduct a conference call on Thursday, August 10, 2017, 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, 2017. 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 10 through August 24, 2017 and may be accessed by dialing 877-344-7529 (domestically) or 412-317-0088 (internationally) and entering conference number 10110624. 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, 2017, LTC had 207 investments located in 28 states comprising 103 assisted living communities, 97 skilled nursing centers, 1 behavioral health care hospital, 3 parcels of land under development and 3 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. For more information on LTC Properties, Inc., visit the Company's website at www.LTCreit.com, or connect with us on Twitter @LTCreit and LinkedIn.

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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,	
	2017	2016	2017	2016
	(unaudited)		(audited)	
Revenues:				
Rental income	\$ 35,265	\$ 33,072	\$ 70,300	\$ 64,952
Interest income from mortgage loans	6,625	6,811	13,373	13,389
Interest and other income	578	113	1,417	259
Total revenues	42,468	39,996	85,090	78,600
Expenses:				
Interest expense	7,151	6,750	14,622	12,750
Depreciation and amortization	9,308	8,907	18,667	17,468
Impairment charges	1,880	—	1,880	—
(Recovery) provision for doubtful accounts	(5)	118	(43)	202
Transaction costs	—	4	22	94
General and administrative expenses	4,386	4,117	9,126	8,400
Total expenses	22,720	19,896	44,274	38,914
Operating income	19,748	20,100	40,816	39,686
Income from unconsolidated joint ventures	575	278	1,020	550
Gain on sale of real estate, net	5,054	1,802	5,054	1,802
Net income	25,377	22,180	46,890	42,038
Income allocated to participating securities	(104)	(105)	(201)	(206)
Net income available to common stockholders	\$ 25,273	\$ 22,075	\$ 46,689	\$ 41,832
Earnings per common share:				
Basic	\$ 0.64	\$ 0.58	\$ 1.19	\$ 1.11
Diluted	\$ 0.64	\$ 0.58	\$ 1.18	\$ 1.11
Weighted average shares used to calculate earnings per common share:				
Basic	39,414	37,969	39,390	37,707
Diluted	39,794	38,164	39,769	37,720
Dividends declared and paid per common share	\$ 0.57	\$ 0.54	\$ 1.14	\$ 1.08

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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,	
	2017	2016	2017	2016
GAAP net income available to common stockholders	\$ 25,273	\$ 22,075	\$ 46,689	\$ 41,832
Add: Depreciation and amortization	9,308	8,907	18,667	17,468
Add: Impairment charges	1,880	—	1,880	—
Less: Gain on sale of real estate, net	(5,054)	(1,802)	(5,054)	(1,802)
NAREIT FFO attributable to common stockholders	31,407	29,180	62,182	57,498
Less: Non-cash rental income	(1,856)	(2,160)	(4,196)	(4,477)
Less: Effective interest income from mortgage loans	(1,401)	(1,293)	(2,708)	(2,555)
Less: Deferred income from unconsolidated joint ventures	(47)	—	(94)	—
Adjusted FFO (AFFO)	28,103	25,727	55,184	50,466
Add: Non-cash compensation charges	1,425	1,029	2,684	2,019
Add: Non-cash interest related to earn-out liabilities	125	166	351	315
Less: Capitalized interest	(201)	(256)	(371)	(942)
Funds available for distribution (FAD)	\$ 29,452	\$ 26,666	\$ 57,848	\$ 51,858
NAREIT Basic FFO attributable to common stockholders per share	\$ 0.80	\$ 0.77	\$ 1.58	\$ 1.52
NAREIT Diluted FFO attributable to common stockholders per share	\$ 0.79	\$ 0.77	\$ 1.57	\$ 1.52
NAREIT Diluted FFO attributable to common stockholders	\$ 31,511	\$ 29,285	\$ 62,383	\$ 57,704
Weighted average shares used to calculate NAREIT diluted FFO per share attributable to common stockholders	39,794	38,164	39,769	37,902
Diluted AFFO	\$ 28,207	\$ 25,832	\$ 55,385	\$ 50,672
Weighted average shares used to calculate diluted AFFO per share	39,794	38,164	39,769	37,902
Diluted FAD	\$ 29,556	\$ 26,771	\$ 58,049	\$ 52,064
Weighted average shares used to calculate diluted FAD per share	39,794	38,164	39,769	37,902

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

	June 30, 2017	December 31, 2016
ASSETS		
Investments:		
Land	\$ 122,851	\$ 116,096
Buildings and improvements	1,229,290	1,185,467
Accumulated depreciation and amortization	(288,442)	(275,861)
Operating real estate property, net	1,063,699	1,025,702
Properties held-for-sale, net of accumulated depreciation: 2017—\$1,058; 2016—\$0	1,170	—

Real property investments, net	1,064,869	1,025,702
Mortgage loans receivable, net of loan loss reserve: 2017—\$2,219; 2016—\$2,315	220,385	229,801
Real estate investments, net	1,285,254	1,255,503
Notes receivable, net of loan loss reserve: 2017—\$166; 2016—\$166	16,402	16,427
Investments in unconsolidated joint ventures	29,702	25,221
Investments, net	1,331,358	1,297,151
Other assets:		
Cash and cash equivalents	9,299	7,991
Debt issue costs related to bank borrowings	1,349	1,847
Interest receivable	12,255	9,683
Straight-line rent receivable, net of allowance for doubtful accounts: 2017—\$1,013; 2016—\$960	59,287	55,276
Prepaid expenses and other assets	27,010	22,948
Total assets	<u>\$ 1,440,558</u>	<u>\$ 1,394,896</u>
LIABILITIES		
Bank borrowings	\$ 45,000	\$ 107,100
Senior unsecured notes, net of debt issue costs: 2017—\$1,235; 2016—\$1,009	597,898	502,291
Accrued interest	4,543	4,675
Accrued incentives and earn-outs	12,140	12,229
Accrued expenses and other liabilities	23,810	28,553
Total liabilities	683,391	654,848
EQUITY		
Stockholders' equity:		
Common stock: \$0.01 par value; 60,000 shares authorized; shares issued and outstanding: 2017—39,564; 2016—39,221	396	392
Capital in excess of par value	854,340	839,005
Cumulative net income	1,060,333	1,013,443
Cumulative distributions	(1,157,902)	(1,112,792)
Total equity	757,167	740,048
Total liabilities and equity	<u>\$ 1,440,558</u>	<u>\$ 1,394,896</u>



Supplemental Operating and Financial Data

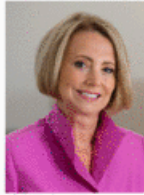
June 30, 2017 (Unaudited)

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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



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
D.A. Davidson 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.



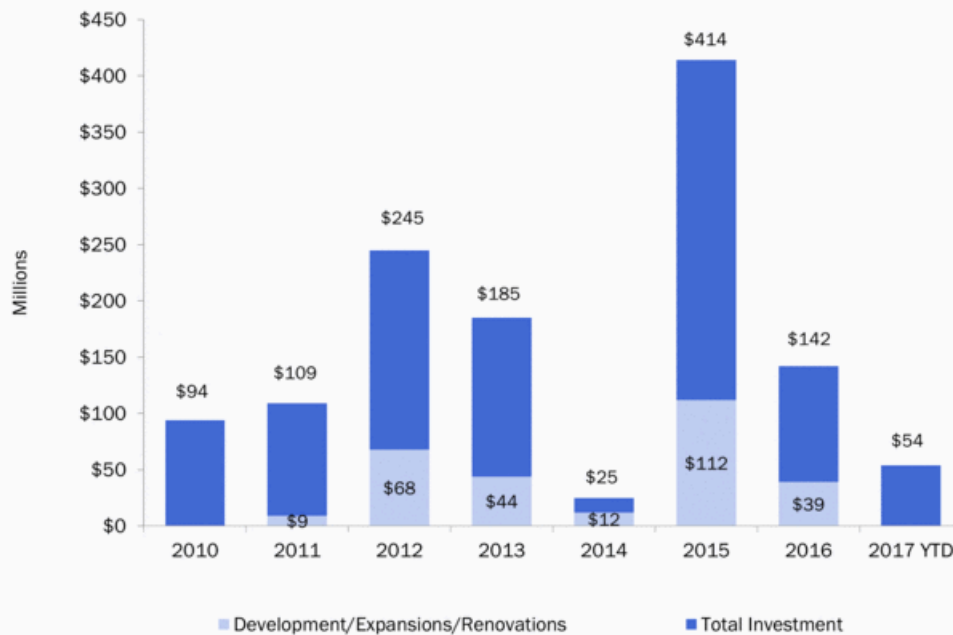
Harbour of Monroeville
Monroeville, PA

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Execution of Growth Strategy



\$1.3 Billion in Total Investments Underwritten



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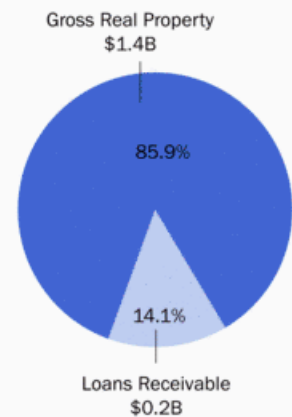
Portfolio Overview

(dollar amounts in thousands)



Type of Property	# of Properties	Gross Investments	% of Investments	Trailing Twelve Months Ended June 30, 2017		
				Rental Income ⁽¹⁾	Interest Income ⁽¹⁾	% of Revenues
Skilled Nursing	97	\$ 802,361	50.9%	\$ 68,313	\$ 26,045	57.6%
Assisted Living	103	742,518	47.1%	68,790	-	42.0%
Under Development ⁽²⁾	-	21,878	1.4%	-	-	-
Other ⁽³⁾	1	10,216	0.6%	648	-	0.4%
Total	201	\$ 1,576,973	100.0%	\$ 137,751	\$ 26,045	100.0%

- (1) 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, 2017.
 (2) Includes three development projects consisting of two memory care communities with a total of 132 units and a skilled nursing center with 143 beds.
 (3) Includes one behavioral health care hospital and three parcels of land.



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Real Estate Activities – Acquisitions and Loan Originations

(dollar amounts in thousands)



Acquisitions

	# of	Property				Date of	Initial	Purchase	Additional	
Date	Properties	Type	# Beds/Units	Location	Operator	Construction	Cash Yield	Price	Commitment ⁽¹⁾	
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	-
	4/29	2	MC	120 units	Wichita & Overland Park, KS	Anthem Memory Care	2011/2013	8.00%	25,000	750
	6/14	1	ALF/MC	70 units	Athens, GA	Thrive Senior Living	2016	8.00%	14,300	-
	9/30	1	UDP ⁽²⁾⁽³⁾	143 beds	Union, KY	Carespring	2016-2018	8.50%	5,300	19,025
	10/28	1	UDP ⁽²⁾	66 units	Oak Lawn, IL	Anthem Memory Care	2016-2018	9.00%	1,591	12,878
	<u>7</u>			<u>316 units/269 beds</u>				<u>\$ 76,441</u>	<u>\$ 32,653</u>	
2017	6/16	2	ALF/MC/ILF	180 units	Clovis, CA	Frontier	2014/2016	7.00%	\$ 38,813	\$ -
	6/23	1	MC	60 units	West Chester, OH	Thrive Senior Living	2017	- ⁽⁴⁾	15,650	-
	<u>3</u>			<u>240 units</u>				<u>\$ 54,463</u>	<u>\$ -</u>	

(1) Commitments may include capital improvement or development allowances for approved projects but excludes incentive payments and contingent payments. For a comprehensive list of our commitments, see our Quarterly Report on Form 10-Q.

(2) See page 9 for development activities.

(3) Represents purchase of land and initial improvements.

(4) Concurrently with this acquisition, we entered into agreements to transition two memory care communities in our portfolio to Thrive conditioned solely upon issuance of licensure. Effective upon issuance of licensure, the GAAP rent under an amended and restated master lease with Thrive will be \$6,272. If licensure for the two communities is not issued to Thrive, the initial cash yield pertaining to the West Chester property will be approximately 6.8%.

Loan Originations

Date	# of Properties	Property Type	# Beds/ Units	Location	Loan Type	Maturity Date	Operator	Origination	Total Funded to Date	2017 YTD Revenue ⁽¹⁾	Stated Interest Rate
2016	4/29	2	SNF	216 beds	Mortgage	Apr-20	Prestige Healthcare	\$ 12,250 ⁽²⁾	\$ 8,517	\$ 385	9.4%
	8/31	2	SNF	146 beds	Mezzanine	Sep-21	Regency Pacific	1,400 ⁽³⁾	1,200	91	15.0%
	12/22	64	SNF	7,786 beds	Mezzanine	Nov-21	Genesis	12,500 ⁽⁴⁾	12,500	748	LIBOR +11.75%
		<u>68</u>		<u>8,148 beds</u>				<u>\$ 26,150</u>	<u>\$ 22,217</u>	<u>\$ 1,224</u>	

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

(2) Represents the origination of a 4-year first 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.

(3) Represents a mezzanine loan secured by a second mortgage on two skilled nursing centers in Oregon.

(4) Represents a mezzanine loan on a portfolio of 64 skilled nursing centers located in eight states.

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Real Estate Activities – Joint Ventures

(dollar amounts in thousands)



Joint Ventures

Commitment Year	Location	# of Projects	Property Type	Return	# Beds/ Units	Investment Commitment	2017 Funding	Total Funded to Date	Remaining Commitment
2015	Peoria & Yuma, AZ	4	ALF/MC/ILF	15.00% ⁽¹⁾	585 units	\$ 25,650	\$ 73	\$ 22,900	\$ 2,750
2015	Ocala, FL	1	UDP-ALF/IL/MC	15.00% ⁽²⁾	99 units	2,900	-	2,900	-
2016	Fort Myers, FL	1	UDP-ALF/MC	15.00% ⁽³⁾	127 units	3,400	3,400	3,400	-
					<u>811 units</u>	<u>\$ 31,950</u>	<u>\$ 3,473</u>	<u>\$ 29,200</u>	<u>\$ 2,750</u>

(1) Currently, 6% is paid in cash and 9% is deferred.

(2) Interest during construction was accrued. Currently, 10% is paid in cash and 5% is deferred.

(3) During this quarter, we funded \$2,747 and withheld \$653 which will be applied to interest. Currently, 10% is paid in cash and 5% is deferred.



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Real Estate Activities – De Novo Development

(dollar amounts in thousands)



Rendering: Boonespring of Boone County Union, KY

Estimated Rent/Interest Inception Date	Commitment Year	Location	# of Projects	Property Type	Approximate Initial Cash Yield	# Beds/ Units	Investment Commitment ⁽¹⁾	2Q17 Funding	Total Capitalized Interest/Other	Total Project Basis to Date	Remaining Commitment ⁽²⁾
1Q18	2015	Glenview, IL	1	MC	9.00% ⁽³⁾	66 units	\$ 15,814	\$ 2,161	\$ 405	\$ 10,073	\$ 6,146
1Q18	2016	Oak Lawn, IL	1	MC	9.00% ⁽³⁾	66 units	14,469	990	78	3,799	10,748
4Q18	2016	Union, KY	1	SNF	8.50%	143 beds	24,325	1,455	207	8,006	16,526
Total			3		8.78%	132 units/143 beds	\$ 54,608	\$ 4,606	\$ 690	\$ 21,878	\$ 33,420

(1) Includes purchase of land and initial improvement funding, if applicable, and development commitment.

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

(3) We issued a default notice on the master lease covering these two properties under development along with 9 additional operational memory care communities. We are currently in negotiations with the operator and are exploring our options which may include transitioning some or all of the properties to another operator and/or a possible sale of some or all of the properties.

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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	2Q17 Funding	Total Funded to Date	Remaining Commitment
- ⁽¹⁾	2015	Renovation	Las Vegas, NV	1	OTH	8.50%	\$ 3,000	\$ -	\$ -	\$ 3,000
- ⁽²⁾	2016	Renovation	Chesapeake, VA	1	SNF	9.00%	1,682	655	1,682	-
Total				2			\$ 4,682	\$ 655	\$ 1,682	\$ 3,000

Mortgage Loans

Estimated Rent/Interest Inception Date	Commitment Year	Project Type	Location	# of Projects	Property Type	Approximate Initial Cash Yield	Investment Commitment	2Q17 Funding	Total Funded to Date	Remaining Commitment
- ⁽³⁾	2015	Expansion	Richmond, MI	1	SNF	9.41%	\$ 10,000	\$ 2,312	\$ 9,168	\$ 832
- ⁽³⁾	2015	Expansion	Rochester Hills, MI	1	SNF	9.41%	10,000	194	929	9,071
- ⁽⁴⁾	2015	Renovation	Farmington & Howell, MI	2	SNF	9.41%	5,000	334	1,360	3,640
- ⁽⁴⁾	2016	Expansion	Grand Blanc, MI	1	SNF	9.41%	5,500	205	943	4,557
- ⁽⁴⁾	2016	Renovation	East Lansing, MI	2	SNF	9.41%	4,500	400	767	3,733
Total				7			\$ 35,000	\$ 3,445	\$ 13,167	\$ 21,833

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

(2) Rent increases upon each funding.

(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.



Medilodge of Richmond
Richmond, MI

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Real Estate Activities – Lease-Up

(dollar amounts in thousands)



Lease-Up

Date Opened ⁽¹⁾	Occupancy at 6/30/17	Development Commitment Year	Project Type	Location	# of Projects	Property Type	Approximate Initial Cash Yield	# Beds/Units	Total Investment ⁽²⁾
Sep-15	62%	N/A	Acquisition ⁽³⁾	Jacksonville, FL	1	MC	8.00%	60 units	\$ 14,250
Feb-16	42%	2014	Development ⁽⁴⁾	Burr Ridge, IL	1	MC	9.30%	66 units	12,248
Apr-16	75%	N/A	Acquisition ⁽³⁾	Louisville, KY	1	MC	8.00%	60 units	14,250
May-16	54%	2015	Development	Corpus Christi, TX	1	MC	8.75%	56 units	12,524
May-16	77%	N/A	Acquisition ⁽³⁾	Athens, GA	1	ALF/MC	8.00%	70 units	14,300
Jul-16	25%	2015	Development ⁽⁴⁾	Tinley Park, IL	1	MC	9.25%	66 units	11,887
Aug-16	42%	2015	Development ⁽⁴⁾	Murrieta, CA	1	MC	9.00%	66 units	12,606
Sep-16	58%	2015	Development	Murrells Inlet, SC	1	ALF/MC	8.75%	89 units	16,535
Nov-16	33%	2015	Development	Wichita, KS	1	ILF	7.43%	108 units	14,500
Jun-17	18%	2017	Acquisition ⁽³⁾	West Chester, OH	1	MC	- ⁽⁵⁾	60 units	15,886
					10			701 units	\$ 138,986

(1) Represents date of Certificate of Occupancy.

(2) Total Investment for acquisitions include closing costs.

(3) Property was newly constructed and purchased following issuance of final certificate of occupancy and licensure.

(4) We issued a default notice on a master lease covering 11 memory care communities, which includes these communities. We are currently in negotiations with the operator and are exploring our options which may include transitioning some or all of the properties to another operator and/or a possible sale of some or all of the properties.

(5) Concurrently with this acquisition, we entered into agreements to transition two memory care communities in our portfolio to Thrive conditioned solely upon issuance of licensure. Effective upon issuance of licensure, the GAAP rent under an amended and restated master lease with Thrive will be \$6,272. If licensure for the two communities is not issued to Thrive, the initial cash yield pertaining to the West Chester property will be approximately 6.8%.

Lease-Up History

Property	Location	Property Type	Project Type	# Beds/Units	Date Opened	Date Stabilized	# of months to Stabilization
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
Greenridge Place	Westminster, CO	MC	Development	60 units	Feb 2015	Feb 2017	24

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Portfolio Metrics



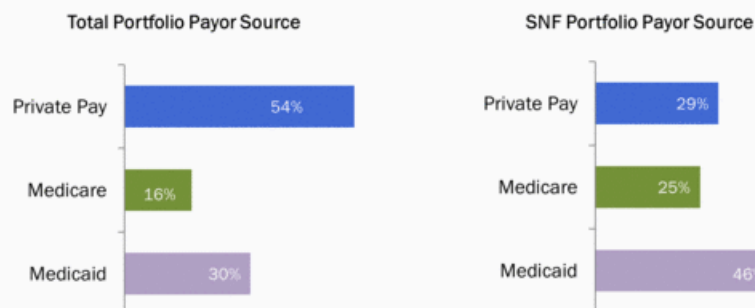
Same Property Portfolio Statistics ⁽¹⁾

	Occupancy		Normalized EBITDARM Coverage		Normalized EBITDAR Coverage	
Owned Properties	1Q17	4Q16	1Q17	4Q16	1Q17	4Q16
Assisted Living	84.8%	85.2%	1.46	1.47	1.24	1.25
Skilled Nursing	78.3%	79.0%	2.03	2.04	1.50	1.51

(1) Information is for the trailing twelve months through March 31, 2017 and December 31, 2016 and is from property level operator financial statements which are unaudited and have not been independently verified by LTC.

Stabilized Property Portfolio

TTM Ended March 31, 2017



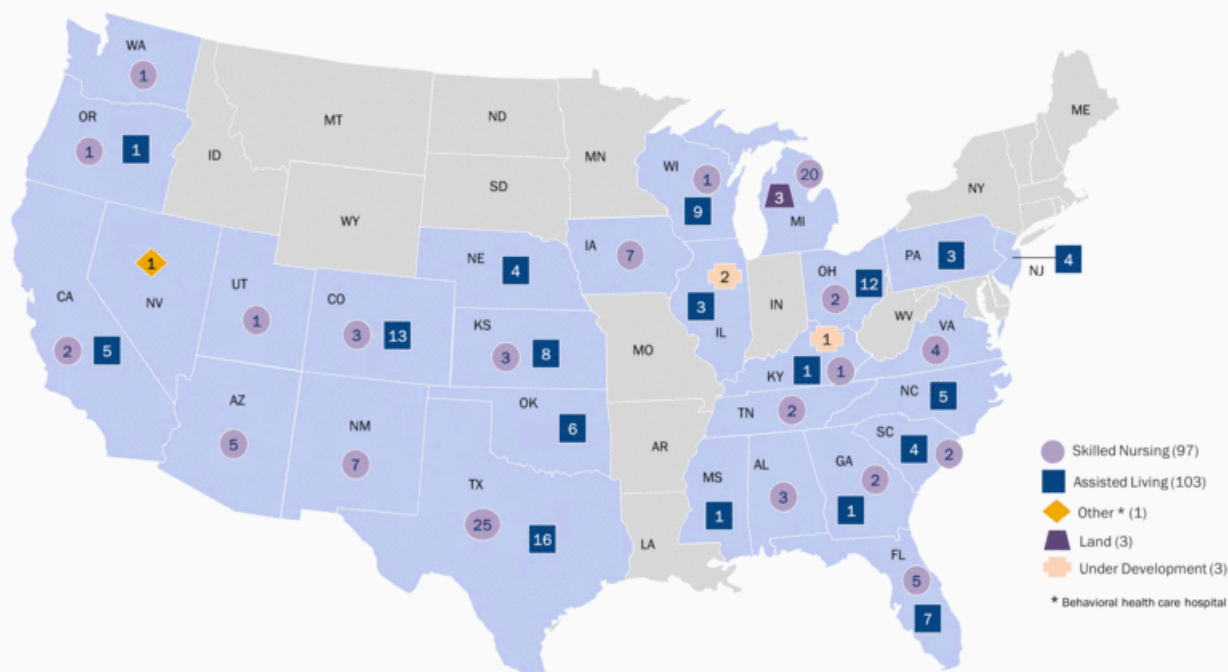
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Portfolio Diversification – Geography

(as of June 30, 2017)



201 Properties | 3 Development Projects | 3 Land Parcels | 28 States | 29 Operators



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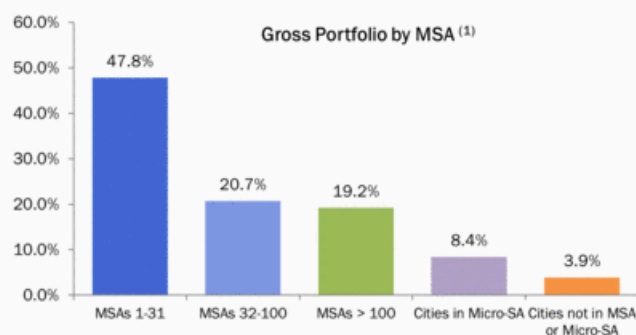
Portfolio Diversification – Geography

(as of June 30, 2017, dollar amounts in thousands)



State ⁽¹⁾	# of Props	SNF	%	ALF	%	UDP	%	OTH ⁽²⁾	%	Gross Investment	%
Texas	41	\$ 218,475	27.2%	\$ 50,692	6.8%	\$ -	-	\$ -	-	\$ 269,167	17.1%
Michigan	20	221,469	27.6%	-	-	-	-	943	9.2%	222,412	14.1%
Wisconsin	10	13,946	1.7%	112,367	15.1%	-	-	-	-	126,313	8.0%
Ohio	14	54,000	6.7%	61,236	8.2%	-	-	-	-	115,236	7.3%
Colorado	16	8,044	1.0%	106,879	14.4%	-	-	-	-	114,923	7.3%
California	7	22,130	2.8%	79,761	10.7%	-	-	-	-	101,891	6.5%
Florida	12	35,362	4.4%	39,247	5.3%	-	-	-	-	74,609	4.7%
Kansas	11	14,112	1.8%	57,577	7.8%	-	-	-	-	71,689	4.5%
Illinois	3	-	-	55,001	7.4%	13,872	63.4%	-	-	68,873	4.4%
New Jersey	4	-	-	62,064	8.4%	-	-	-	-	62,064	3.9%
All Others	63	214,823	26.8%	117,694	15.9%	8,006	36.6%	9,273	90.8%	349,796	22.2%
Total	201	\$ 802,361	100.0%	\$ 742,518	100.0%	\$ 21,878	100.0%	\$ 10,216	100.0%	\$ 1,576,973	100.0%

(1) Due to master leases with properties in multiple states, revenue by state is not available.
(2) Includes one behavioral health care hospital and three parcels of land.



(1) The MSA rank by population as of July 1, 2016, as estimated by the United States Census Bureau.

Approximately 69% of our properties are in the Top 100 MSAs

MSAs 1 - 31 • Population 20.2M – 2.1M

MSAs 32 - 100 • Population 2.1M – 0.6M

MSAs > 100 • Population 0.5M – 55K

Cities in a Micro-SA • Population 216K – 13K

Cities not in MSA • Population less than 100K

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Portfolio Diversification – Operators

(as of June 30, 2017, dollar amounts in thousands)

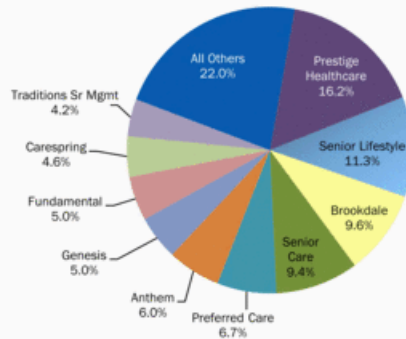


Operators	# of Properties	Annual Income ⁽¹⁾	%	Gross Investment	%
Prestige Healthcare	22	\$ 27,154	16.2%	\$ 234,601	14.9%
Senior Lifestyle Corporation	23	18,970	11.3%	189,025	12.0%
Brookdale Senior Living	37	16,034	9.6%	126,991	8.0%
Senior Care Centers	11	15,756	9.4%	138,109	8.8%
Preferred Care	26	11,278	6.7%	86,998	5.5%
Anthem Memory Care ⁽²⁾	9	10,016	6.0%	117,807	7.5%
Genesis Healthcare	8	8,434	5.0%	54,864	3.5%
Fundamental	7	8,306	5.0%	74,652	4.7%
Carespring Health Care Management	3	7,635	4.6%	85,552	5.4%
Traditions Senior Management	5	7,056	4.2%	62,877	4.0%
All Others	50	36,737	22.0%	405,497	25.7%
	201	\$ 167,376	100.0%	\$ 1,576,973	100.0%

(1) Includes annualized GAAP rent for leased properties and trailing twelve months of interest income from mortgage loans excluding the interest income from loans that paid off during the twelve months ended June 30, 2017.

(2) During the quarter ended June 30, 2017, we issued a default notice on Anthem's master lease. We are currently negotiating the transition of two of the operational properties to another operator in our portfolio and wrote off \$1,880 of straight-line rent and other receivables related to these two properties. Regarding the remaining properties, we are currently in negotiations with the operator and are exploring our options which may include transitioning some or all of the properties to another operator and/or a possible sale of some or all of the properties. Subsequent to June 30, 2017, the rents paid by this operator will be recorded on a cash basis. Annual GAAP rent under the master lease is approximately \$11,721 and at June 30, 2017, the net book value of the properties was \$111,532. We had \$8,608 in straight-line rent receivable and \$6,577 in other assets on the balance sheet at June 30, 2017.

Annual Income by Operator



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Portfolio Diversification - Top Ten Operator Profiles

(as of June 30, 2017)



Privately Held

SNF/ALF/ILF
Other Rehab

68 Properties

7 States



Privately Held

ALF/ILF/MC/SNF
Short Term Stays

175 Properties

25 States



NYSE: BKD

ALF/ILF/MC
Continuing Care

Approx 1,150 Properties

46 States



Privately Held

SNF/ALF/ILF/MC
Transitional Care & Rehab

107 Properties

2 States



Privately Held

SNF/ALF/ILF
Specialty Care

110 Properties

12 States

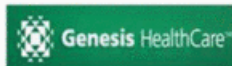


Privately Held

Exclusively MC

10 Properties

4 States



NYSE: GEN

SNF/ALF
Senior Living

More than 450 Properties

30 States



Privately Held

SNF/MC
Hospitals & Other Rehab

93 Properties

10 States



Privately Held

SNF/ALF/ILF
Transitional Care

11 Properties

2 States



Privately Held

SNF/ALF/ILF

34 Properties

6 States

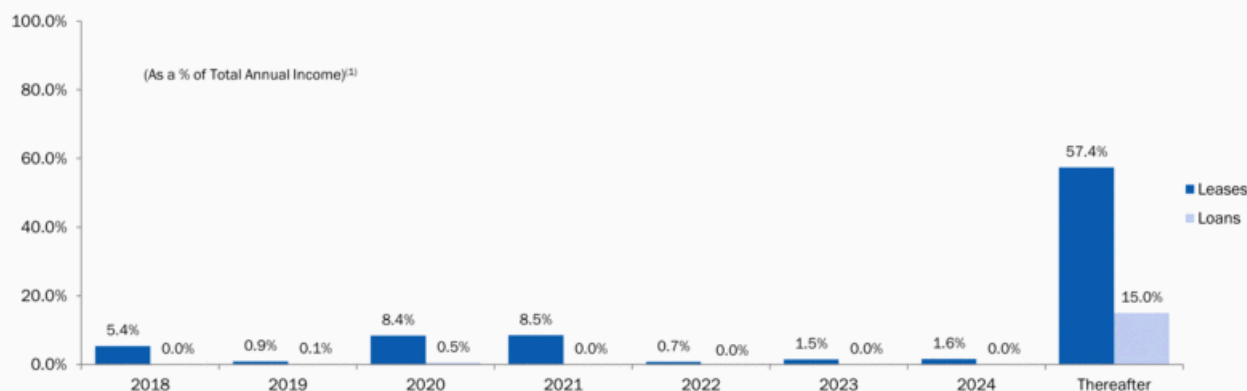
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Portfolio Maturity

(as of June 30, 2017, dollar amounts in thousands)



Year	Rental Income ⁽¹⁾	% of Total	Interest Income ⁽¹⁾	% of Total	Annual Income ⁽¹⁾	% of Total
2018	\$ 9,101	6.4%	-	-	\$ 9,101	5.4%
2019	1,571	1.1%	126	0.5%	1,697	1.0%
2020	14,058	9.9%	755	2.9%	14,813	8.9%
2021	14,218	10.1%	-	-	14,218	8.5%
2022	1,175	0.8%	-	-	1,175	0.7%
2023	2,539	1.8%	-	-	2,539	1.5%
2024	2,615	1.9%	-	-	2,615	1.6%
Thereafter	96,054	68.0%	25,164	96.6%	121,218	72.4%
Total	\$ 141,331	100.0%	\$ 26,045	100.0%	\$ 167,376	100.0%



(1) Includes annualized GAAP rent for leased properties and trailing twelve months of interest income from mortgage loans excluding the interest income from loans that paid off during the twelve months ended June 30, 2017.

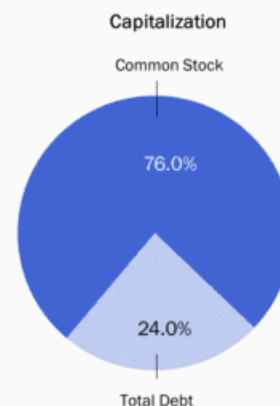
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Enterprise Value

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



	At June 30, 2017	Capitalization
Debt		
Bank borrowings - weighted average rate 2.7% ⁽¹⁾	\$ 45,000	
Senior unsecured notes -weighted average rate 4.5% ⁽²⁾	597,898	
Total debt - weighted average rate 4.4%	642,898	24.0%
Equity		
	No. of shares	6/30/17 Closing Price
Common stock	39,563,998	\$ 51.39 ⁽³⁾
		2,033,194
Total Market Value	\$ 2,676,092	100%
Less: Cash and cash equivalents	(9,299)	
Enterprise Value	\$ 2,666,793	
Debt to Enterprise Value		24.1%
Debt to Annualized Normalized EBITDA ⁽⁴⁾		4.2x



- (1) Subsequent to June 30, 2017, we borrowed an additional \$5,000 under our unsecured revolving line of credit. Accordingly, we have \$50,000 outstanding under our unsecured revolving line of credit with \$550,000 available for borrowing.
- (2) Represents outstanding balance of \$644,133, net of debt issue costs of \$1,235. Rate includes amortization of debt issue cost. Subsequent to June 30, 2017, we paid \$10,000 in regular scheduled principal payments to Prudential. Accordingly, we have \$587,898 outstanding with \$46,667 available under our agreement with Prudential.
- (3) Closing price of our common stock as reported by the NYSE on June 30, 2017.
- (4) See page 21 for reconciliation of annualized normalized EBITDA.



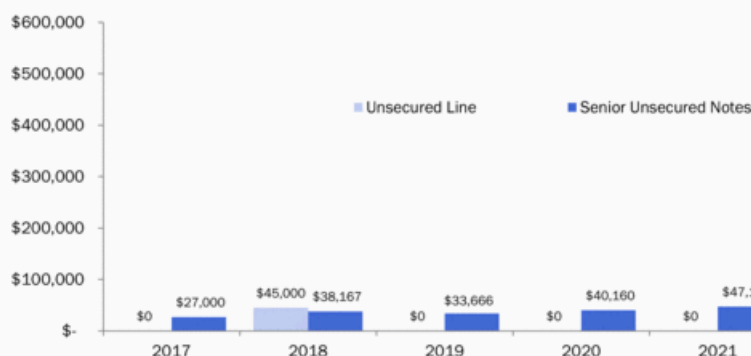
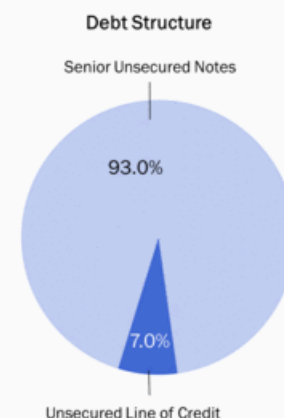
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Debt Maturity

(as of June 30, 2017, dollar amounts in thousands)



Year	Unsecured Line of Credit ⁽¹⁾	Senior Unsecured Notes ⁽²⁾	Total	% of Total
2017	\$ -	\$ 27,000	\$ 27,000	4.2%
2018	45,000	38,167	83,167	12.9%
2019	-	33,666	33,666	5.2%
2020	-	40,160	40,160	6.2%
2021	-	47,160	47,160	7.3%
2022	-	48,160	48,160	7.5%
Thereafter	-	364,820	364,820	56.7%
Total	\$ 45,000	\$ 599,133	\$ 644,133 ⁽³⁾	100.0%



- (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, 2017, we borrowed an additional \$5,000 under our unsecured revolving line of credit. Accordingly, we have \$50,000 outstanding under our unsecured revolving line of credit with \$550,000 available for borrowing.
- (2) Reflects scheduled principal payments. Subsequent to June 30, 2017, we paid \$10,000 in regular scheduled principal payments to Prudential. Accordingly, we have \$587,898 outstanding with \$46,667 available under our agreement with Prudential.
- (3) Excludes debt issue costs which are included in the senior unsecured notes balance shown on page 18.

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Financial Data Summary

(dollar amounts in thousands)



Balance Sheet, Leverage Ratios and Coverage Ratios

	6/30/17	12/31/16	12/31/15	12/31/14
Balance Sheet				
Gross real estate assets	\$1,576,973	\$1,533,679	\$1,418,405	\$1,117,167
Net real estate assets	1,285,254	1,255,503	1,164,950	892,179
Gross asset value	1,732,443	1,673,238	1,528,879	1,189,758
Total debt ⁽¹⁾	642,898	609,391	571,872	280,584
Total liabilities	683,391	654,848	616,222	304,649
Preferred stock	-	-	-	38,500
Total equity	757,167	740,048	659,202	660,121
Leverage Ratios				
Debt to gross asset value	37.1%	36.4%	37.4%	23.6%
Debt to total enterprise value	24.1%	24.9%	26.2%	15.4%

- (1) Represents outstanding balance of gross bank borrowings and senior unsecured notes, net of debt issue costs.

	2Q17 Annualized	For the Year Ended		
		12/31/16	12/31/15	12/31/14
Coverage Ratios				
Debt to normalized EBITDA	4.2x	4.2x	4.7x	2.6x
Normalized EBITDA / interest incurred	5.3x	5.2x	6.7x	7.3x
Normalized EBITDA / fixed charges	5.3x	5.2x	5.9x	6.0x

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Financial Data Summary

(dollar amounts in thousands)



Reconciliation of Annualized Normalized EBITDA and Fixed Charges

	2Q17 Annualized ⁽¹⁾	For the Year Ended		
		12/31/16	12/31/15	12/31/14
Net income	\$ 91,986	\$ 85,115	\$ 73,081	\$ 73,399
Less: Gain on sale of real estate, net	(5,054)	(3,582)	(586)	(4,959)
Add: Impairment charges	1,880 ⁽²⁾	766 ⁽³⁾	2,250 ⁽⁴⁾	-
Add: Interest expense	28,604	26,442	17,497	13,128
Add: Depreciation and amortization	37,232	35,932	29,431	25,529
Adjusted EBITDA	154,648	144,673	121,673	107,097
Add back/(deduct):				
Non-recurring one-time items	-	-	937	-
Normalized EBITDA	\$ 154,648	\$ 144,673	\$ 122,610	\$ 107,097
Interest expense:	\$ 28,604	\$ 26,442	\$ 17,497	\$ 13,128
Add: Capitalized interest	804	1,408	827	1,506
Interest incurred	\$ 29,408	\$ 27,850	\$ 18,324	\$ 14,634
Interest incurred	\$ 29,408	\$ 27,850	\$ 18,324	\$ 14,634
Preferred stock dividend	-	-	2,454	3,273
Fixed Charges	\$ 29,408	\$ 27,850	\$ 20,778	\$ 17,907

(1) Gain on sale of real assets and impairment charges were not annualized.

(2) Impairment charge related to the write off of straight-line rent and other receivables related to two memory care communities as a result of our current negotiations to transition these properties to another operator in our portfolio.

(3) Impairment charge related to an asset held for sale at December 31, 2016.

(4) Impairment charge related to an asset sold in 2015.

Non-Cash Revenue Components

	2Q17	3Q17 ⁽¹⁾	4Q17 ⁽¹⁾	1Q18 ⁽¹⁾	2Q18 ⁽¹⁾
Straight-line rent	\$ 2,440	\$ 2,270	\$ 2,452	\$ 1,549	\$ 1,371
Amort of lease inducement	(584)	(566)	(564)	(564)	(564)
Effective Interest	1,401	1,395	1,397	1,391	1,393
Net	\$ 3,257	\$ 3,099	\$ 3,285	\$ 2,376	\$ 2,200

(1) For leases and loans in place at June 30, 2017, assuming no renewals, modification or replacement, and no new investments are added to our portfolio and excludes straight-line rent under the Anthem master lease which is in default.

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Income Statement Data

(amounts in thousands, except per share amounts)



	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(unaudited)		(unaudited)	
Revenues				
Rental income	\$ 35,265	\$ 33,072	\$ 70,300	\$ 64,952
Interest income from mortgage loans	6,625	6,811	13,373	13,389
Interest and other income	578	113	1,417	259
Total revenues	42,468	39,996	85,090	78,600
Expenses				
Interest expense	7,151	6,750	14,622	12,750
Depreciation and amortization	9,308	8,907	18,667	17,468
Impairment charges	1,880	-	1,880	-
(Recovery) provision for doubtful accounts	(5)	118	(43)	202
Transaction costs	-	4	22	94
General and administrative expenses	4,386	4,117	9,126	8,400
Total expenses	22,720	19,896	44,274	38,914
Operating Income	19,748	20,100	40,816	39,686
Income from unconsolidated joint ventures	575	278	1,020	550
Gain on sale of real estate, net	5,054	1,802	5,054	1,802
Net Income	25,377	22,180	46,890	42,038
Income allocated to participating securities	(104)	(105)	(201)	(206)
Net income available to common stockholders	\$ 25,273	\$ 22,075	\$ 46,689	\$ 41,832
Earnings per common share:				
Basic	\$0.64	\$0.58	\$1.19	\$1.11
Diluted	\$0.64	\$0.58	\$1.18	\$1.11
Weighted average shares used to calculate earnings per common share:				
Basic	39,414	37,969	39,390	37,707
Diluted	39,794	38,164	39,769	37,720
Dividends declared and paid per common share	\$0.57	\$0.54	\$1.14	\$1.08

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Consolidated Balance Sheets

(amounts in thousands, except per share amounts)



	June 30, 2017 (unaudited)	December 31, 2016 (audited)		June 30, 2017 (unaudited)	December 31, 2016 (audited)
ASSETS			LIABILITIES		
Investments:			Bank borrowings		
Land	\$ 122,851	\$ 116,096	Senior unsecured notes, net of debt issue costs: 2017 - \$1,235; 2016 - \$1,009	\$ 45,000	\$ 107,100
Buildings and improvements	1,229,290	1,185,467			
Accumulated depreciation and amortization	(288,442)	(275,861)	Total Debt	597,898	502,291
Operating real estate property, net	1,063,699	1,025,702		642,898	609,391
Properties held-for-sale, net of accumulated depreciation:			Accrued interest		
2017 - \$1,058; 2016 - \$0	1,170	-		4,543	4,675
Real property investments, net	1,064,869	1,025,702	Accrued incentives and earn-outs		
Mortgage loans receivable, net of loan loss reserve: 2017 - \$2,219; 2016 - \$2,315	220,385	229,801		12,140	12,229
Real estate investments, net	1,285,254	1,255,503	Accrued expenses and other liabilities		
Notes receivable, net of loan loss reserve: 2017 - \$166; 2016 - \$166	16,402	16,427		23,810	28,553
Investments in unconsolidated joint ventures	29,702	25,221	Total liabilities	683,391	654,848
Investments, net	1,331,358	1,297,151			
Other assets:			EQUITY		
Cash and cash equivalents	9,299	7,991	Stockholders' equity:		
Debt issue costs related to bank borrowings	1,349	1,847	Common stock ⁽¹⁾	396	392
Interest receivable	12,255	9,683	Capital in excess of par value	854,340	839,005
Straight-line rent receivable, net of allowance for doubtful accounts: 2017 - \$1,013; 2016 - \$960	59,287	55,276	Cumulative net income	1,060,333	1,013,443
Prepaid expenses and other assets	27,010	22,948	Cumulative distributions	(1,157,902)	(1,112,792)
			Total equity	757,167	740,048
Total assets	\$ 1,440,558	\$ 1,394,896	Total liabilities and equity	\$ 1,440,558	\$ 1,394,896

(1) Common stock of \$0.01 par value; 60,000 shares authorized; shares issued and outstanding: 2017 - 39,564; 2016 - 39,221

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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,	
	2017	2016	2017	2016
GAAP net income available to common stockholders	\$ 25,273	\$ 22,075	\$ 46,689	\$ 41,832
Add: Depreciation and amortization	9,308	8,907	18,667	17,468
Add: Impairment charges	1,880	-	1,880	-
Less: Gain on sale of real estate, net	(5,054)	(1,802)	(5,054)	(1,802)
NAREIT FFO attributable to common stockholders	31,407	29,180	62,182	57,498
Less: Non-cash rental income	(1,856)	(2,160)	(4,196)	(4,477)
Less: Effective interest income from mortgage loans	(1,401)	(1,293)	(2,708)	(2,555)
Less: Deferred income from unconsolidated joint ventures	(47)	-	(94)	-
Adjusted FFO (AFFO)	28,103	25,727	55,184	50,466
Add: Non-cash compensation charges	1,425	1,029	2,684	2,019
Add: Non-cash interest related to earn-out liabilities	125	166	351	315
Less: Capitalized interest	(201)	(256)	(371)	(942)
Funds available for distribution (FAD)	\$ 29,452	\$ 26,666	\$ 57,848	\$ 51,858
NAREIT Diluted FFO attributable to common stockholders per share	\$0.79	\$0.77	\$1.57	\$1.52

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Funds from Operations

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



Reconciliation of FFO Per Share

For the three months ended June 30, 2017

Normalized FFO/AFFO/FAD attributable to common stockholders

Effect of dilutive securities:

Participating securities

Diluted normalized FFO/AFFO/FAD assuming conversion

FFO		AFFO		FAD	
2017	2016	2017	2016	2017	2016
\$ 31,407	\$ 29,180	\$ 28,103	\$ 25,727	\$ 29,452	\$ 26,666
104	105	104	105	104	105
\$ 31,511	\$ 29,285	\$ 28,207	\$ 25,832	\$ 29,556	\$ 26,771
39,414	37,969	39,414	37,969	39,414	37,969
11	13	11	13	11	13
207	-	207	-	207	-
162	182	162	182	162	182
39,794	38,164	39,794	38,164	39,794	38,164

Shares for basic FFO/AFFO/FAD per share

Effect of dilutive securities:

Stock options

Performance based stock units (MSU)

Participating securities

Shares for diluted normalized FFO/AFFO/FAD per share

For the six months ended June 30, 2017

Normalized FFO/AFFO/FAD attributable to common stockholders

Effect of dilutive securities:

Participating securities

Diluted normalized FFO/AFFO/FAD assuming conversion

FFO		AFFO		FAD	
2017	2016	2017	2016	2017	2016
\$ 62,182	\$ 57,498	\$ 55,184	\$ 50,466	\$ 57,848	\$ 51,858
201	206	201	206	201	206
\$ 62,383	\$ 57,704	\$ 55,385	\$ 50,672	\$ 58,049	\$ 52,064
39,390	37,707	39,390	37,707	39,390	37,707
11	13	11	13	11	13
207	-	207	-	207	-
161	182	161	182	161	182
39,769	37,902	39,769	37,902	39,769	37,902

Shares for basic FFO/AFFO/FAD per share

Effect of dilutive securities:

Stock options

Performance based stock units (MSU)

Participating securities

Shares for diluted normalized FFO/AFFO/FAD per share

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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.

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.

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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.

Mezzanine: In 2015 the Company strategically decided to allocate a portion of its capital deployment toward mezzanine loans to grow relationships with operating companies that have not typically utilized sale leaseback financing as a component of their capital structure. Mezzanine financing sits between senior debt and common equity in the capital structure, and typically is used to finance development projects or value-add opportunities on existing operational properties. We seek market-based, risk-adjusted rates of return typically between 12-18% with the loan term typically between four to eight years. Security for mezzanine loans can include all or a portion of the following credit enhancements; secured second mortgage, pledge of equity interests and personal/corporate guarantees. Mezzanine loans can be recorded for GAAP purposes as either a loan or joint venture depending upon specifics of the loan terms and related credit enhancements.

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.

Mortgage Loan: Mortgage financing is provided on properties based on our established investment underwriting criteria and secured by a first mortgage. Subject to underwriting, additional credit enhancements may be required including, but not limited to, personal/corporate guarantees and debt service reserves. When possible, LTC attempts to negotiate a purchase option to acquire the property at a future time and lease the property back to the borrower.

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).

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 and the Prestige Healthcare mortgage loan portfolio. Our SPP is comprised of stabilized properties occupied and operated throughout the duration of the quarter-over-quarter comparison periods presented (excluding assets sold and assets held-for-sale). Accordingly, a property must be occupied and stabilized for a minimum of 15 months to be included in our SPP.

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, 2016 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.