
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: February 20, 2020
(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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, \$.01 par value	LTC	New York Stock Exchange

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 February 20, 2020, LTC Properties, Inc. announced the operating results for the three months ended December 31, 2019. 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 February 20, 2020.](#)

[99.2](#) [LTC Properties, Inc. Supplemental Information Package for the period ending December 31, 2019.](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

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: February 20, 2020

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 2019 FOURTH QUARTER RESULTS AND DISCUSSES RECENT ACTIVITIES

WESTLAKE VILLAGE, CALIFORNIA, February 20, 2020 -- 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 fourth quarter ended December 31, 2019.

Net income available to common stockholders was \$12.4 million, or \$0.31 per diluted share, for the 2019 fourth quarter, compared with \$30.6 million, or \$0.77 per diluted share, for the same period in 2018. The decrease in net income available to common stockholders was primarily due to a net loss on sale during the 2019 fourth quarter, compared with a net gain on sale during the same period in 2018, an impairment loss from investment in unconsolidated joint ventures during the 2019 fourth quarter, and one-time non-recurring other income related to the write-off of a contingent lease incentive and related earn-out liability in the prior year, partially offset by higher rental income from acquisitions and completed developments.

Funds from Operations ("FFO") was \$32.4 million for the 2019 fourth quarter, compared with \$32.1 million for the comparable 2018 period. FFO per diluted common share was \$0.81 for the quarters ended December 31, 2019 and 2018. Excluding non-recurring items, FFO per diluted common share was \$0.76 and \$0.73 for the quarters ended December 31, 2019 and 2018, respectively. The improvement in FFO per diluted common share excluding non-recurring items, was primarily due to higher rental income during the 2019 fourth quarter as discussed above.

LTC completed the following transactions during the fourth quarter of 2019:

- Acquired a 76-unit assisted living/memory care community in Auburn Hills, Michigan and an 80-unit memory care community in Sterling Heights, Michigan for an aggregate purchase price of \$19.0 million, and entered into a 10-year master lease with an operator new to LTC's portfolio at an initial cash yield of 7.4%, escalating 2% annually with four, five-year renewal options;
- Sold a hurricane damaged property in Texas and recognized a \$2.1 million net gain on property insurance proceeds. Additionally, as a result of this transaction, LTC recognized a net loss on sale of \$0.8 million, resulting in a net gain of \$1.3 million when combined with insurance proceeds;
- Sold two non-revenue producing properties, a 160-bed skilled nursing center in Arizona and a 140-unit independent living community in Texas, for an aggregate sales price of \$7.3 million, recognizing a cumulative loss of \$3.8 million; and
- Issued senior unsecured notes in the aggregate amount of \$100.0 million to affiliates and managed accounts of PGIM, Inc. The notes bear interest at 3.85%, have scheduled principal payments and mature on October 20, 2031. The proceeds were used to paydown the Company's unsecured line of credit.

Subsequent to December 31, 2019, LTC completed the following:

- Acquired a 140-bed skilled nursing center in Texas for approximately \$13.5 million, and entered into a 10-year master lease with an operator new to LTC's portfolio with an initial cash yield of 8.5%, escalating 2% annually with two, five-year renewal options.

Conference Call Information

LTC will conduct a conference call on Friday, February 21, 2020, 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 December 31, 2019. 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 any necessary software.

An audio replay of the conference call will be available from February 21 through March 6, 2020, and may be accessed by dialing 877-344-7529 (domestically) or 412-317-0088 (internationally) and entering conference number 10138686. 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 real estate investment trust (REIT) investing in seniors housing and health care properties primarily through sale-leasebacks, mortgage financing, joint-ventures and structured finance solutions including preferred equity and mezzanine lending. LTC holds more than 200 investments in 28 states with 30 operating partners. The portfolio is comprised of approximately 50% seniors housing and 50% skilled nursing properties. Learn more at www.LTCreit.com.

Forward Looking Statements

This press release includes statements that are not purely historical and are “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the Company’s expectations, beliefs, intentions or strategies regarding the future. All statements other than historical facts contained in this press release are forward looking statements. These forward-looking statements involve a number of risks and uncertainties. Please see 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)

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
	(unaudited)		(audited)	
Revenues:				
Rental income	\$ 38,189	\$ 32,759	\$ 152,755	\$ 135,405
Interest income from mortgage loans	7,683	7,290	29,991	28,200
Interest and other income	591	3,538	2,558	5,040
Total revenues	46,463	43,587	185,304	168,645
Expenses:				
Interest expense	7,578	7,215	30,582	30,196
Depreciation and amortization	9,817	9,396	39,216	37,555
Provision for doubtful accounts	13	11	166	87
Transaction costs	90	65	365	84
Property tax expense	4,189 ⁽¹⁾	—	16,755	—
General and administrative expenses	4,541	4,801	18,453	19,193
Total expenses	26,228	21,488	105,537	87,115
Other operating income:				
(Loss) gain on sale of real estate, net	(4,630)	7,984	2,106	70,682
Operating income	15,605	30,083	81,873	152,212
Gain from property insurance proceeds	2,111 ⁽²⁾	—	2,111 ⁽²⁾	—
Impairment loss from investments in unconsolidated joint ventures	(5,500)	—	(5,500)	—
Income from unconsolidated joint ventures	415	761	2,388	2,864
Net income	12,631	30,844	80,872	155,076
Income allocated to non-controlling interests	(89)	(78)	(346)	(95)
Net income attributable to LTC Properties, Inc.	12,542	30,766	80,526	154,981
Income allocated to participating securities	(93)	(121)	(391)	(625)
Net income available to common stockholders	\$ 12,449	\$ 30,645	\$ 80,135	\$ 154,356
Earnings per common share:				
Basic	\$ 0.31	\$ 0.78	\$ 2.03	\$ 3.91
Diluted	\$ 0.31	\$ 0.77	\$ 2.02	\$ 3.89
Weighted average shares used to calculate earnings per common share:				
Basic	39,588	39,501	39,571	39,477
Diluted	39,775	39,864	39,759	39,839
Dividends declared and paid per common share	\$ 0.57	\$ 0.57	\$ 2.28	\$ 2.28

(1) The new income statement line item “property tax expense” is due to the impact of newly adopted Accounting Standard Codification 842, Leases (“ASC 842”). See *Item 8. FINANCIAL STATEMENTS—Note 2. Summary of Significant Accounting Policies*, in our Annual Report on Form 10-K for the year ended December 31, 2019 for further discussion.

(2) Represents a net gain from property insurance proceeds related to a property that was sold during the fourth quarter of 2019.

Supplemental Reporting Measures

FFO 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 and FAD as supplemental measures of operating performance. The Company believes FFO 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 and FAD facilitate like comparisons of operating performance between periods. Occasionally, the Company may exclude non-recurring items from FFO and FAD in order to 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. 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 FAD as FFO excluding the effects of straight-line rent, amortization of lease inducement, effective interest income, deferred income from unconsolidated joint ventures, non-cash compensation charges, capitalized interest and non-cash interest charges. 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. 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.

While the Company uses FFO and 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 and FAD

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
GAAP net income available to common stockholders	\$ 12,449	\$ 30,645	\$ 80,135	\$ 154,356
Add: Depreciation and amortization	9,817	9,396	39,216	37,555
Add: Impairment loss from investments in unconsolidated joint ventures	5,500	—	5,500	—
Less: Gain on sale of real estate, net	4,630	(7,984)	(2,106)	(70,682)
NAREIT FFO attributable to common stockholders	32,396	32,057	122,745	121,229
Add: Non-recurring items	(2,111) ⁽¹⁾	(3,074) ⁽²⁾	(1,535) ⁽⁵⁾	(3,074)
FFO attributable to common stockholders, excluding non-recurring items	\$ 30,285	\$ 28,983	\$ 121,210	\$ 118,155
NAREIT FFO attributable to common stockholders	\$ 32,396	\$ 32,057	\$ 122,745	\$ 121,229
Non-cash income:				
Less: straight-line rental income	(889)	(921)	(4,487)	(9,550)
Add: amortization of lease costs	104	441	385	2,092
(Less)/Add: Other non-cash (income)/expense	—	(3,074) ⁽²⁾	1,926 ⁽³⁾	(3,074) ⁽²⁾
Less: Effective interest income from mortgage loans	(1,481)	(1,438)	(5,842)	(5,703)
Less: Deferred income from unconsolidated joint ventures	—	(15)	(18)	(108)
Net non-cash income	(2,266)	(5,007)	(8,036)	(16,343)
Non-cash expense:				
Add: Non-cash compensation charges	1,627	1,486	6,565	5,870
Add: Non-cash interest related to earn-out liabilities	—	—	—	377
Less: Capitalized interest	(167)	(398)	(608)	(1,248)
Net non-cash expense	1,460	1,088	5,957	4,999
Funds available for distribution (FAD)	31,590	28,138	\$ 120,666	\$ 109,885
Less: Non-recurring income	(2,111) ⁽¹⁾	—	(3,461) ⁽⁴⁾	—
Funds available for distribution (FAD), excluding non-recurring items	\$ 29,479	\$ 28,138	\$ 117,205	\$ 109,885
NAREIT Basic FFO attributable to common stockholders per share	\$ 0.82	\$ 0.81	\$ 3.10	\$ 3.07
NAREIT Diluted FFO attributable to common stockholders per share	\$ 0.81	\$ 0.81	\$ 3.08	\$ 3.06
NAREIT Diluted FFO attributable to common stockholders	\$ 32,489	\$ 32,178	\$ 123,136	\$ 121,854
Weighted average shares used to calculate NAREIT diluted FFO per share attributable to common stockholders	39,939	39,864	39,921	39,839
Diluted FFO attributable to common stockholders, excluding non-recurring items	\$ 30,378	\$ 29,104	\$ 121,601	\$ 118,780
Weighted average shares used to calculate diluted FFO, excluding non-recurring items, per share attributable to common stockholders	39,939	39,864	39,921	39,839
Diluted FAD, excluding non-recurring items	\$ 29,572	\$ 28,259	\$ 117,596	\$ 110,510
Weighted average shares used to calculate diluted FAD, excluding non-recurring items, per share	39,939	39,864	39,921	39,839

(1) Represents a net gain from property insurance proceeds related to a property that was sold during the fourth quarter of 2019.

(2) Represents net write-off of a contingent lease incentive and related earn-out liability.

(3) Represents the write-off of straight-line rent due to a lease termination and transition of two senior housing communities to a new operator.

(4) Represents deferred rent repayment from an operator and (1) above.

(5) Represents (3) and (4) above.

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

	December 31, 2019 (audited)	December 31, 2018 (audited)
ASSETS		
Investments:		
Land	\$ 126,703	\$ 125,358
Buildings and improvements	1,295,899	1,290,352
Accumulated depreciation and amortization	(312,642)	(312,959)
Operating real estate property, net	1,109,960	1,102,751
Properties held-for-sale, net of accumulated depreciation: 2019—\$35,113; 2018—\$1,916	26,856	3,830
Real property investments, net	1,136,816	1,106,581
Mortgage loans receivable, net of loan loss reserve: 2019—\$2,560; 2018—\$2,447	254,099	242,939
Real estate investments, net	1,390,915	1,349,520
Notes receivable, net of loan loss reserve: 2019—\$181; 2018—\$128	17,927	12,715
Investments in unconsolidated joint ventures	19,003	30,615
Investments, net	1,427,845	1,392,850
Other assets:		
Cash and cash equivalents	4,244	2,656
Restricted cash	—	2,108
Debt issue costs related to bank borrowings	2,164	2,989
Interest receivable	26,586	20,732
Straight-line rent receivable, net of allowance for doubtful accounts: 2019—\$0; 2018—\$746	45,703 ⁽¹⁾	73,857
Lease incentives	2,552 ⁽¹⁾	14,443
Prepaid expenses and other assets	5,115 ⁽²⁾	3,985
Total assets	<u>\$ 1,514,209</u>	<u>\$ 1,513,620</u>
LIABILITIES		
Bank borrowings	\$ 93,900	\$ 112,000
Senior unsecured notes, net of debt issue costs: 2019—\$812; 2018—\$938	599,488	533,029
Accrued interest	4,983	4,180
Accrued expenses and other liabilities	30,412 ⁽²⁾	31,440
Total liabilities	728,783	680,649
EQUITY		
Stockholders' equity:		
Common stock: \$0.01 par value; 60,000 shares authorized; shares issued and outstanding: 2019—39,752; 2018—39,657	398	397
Capital in excess of par value	867,346	862,712
Cumulative net income	1,293,482	1,255,764
Cumulative distributions	(1,384,283)	(1,293,383)
Total LTC Properties, Inc. stockholders' equity	776,943	825,490
Non-controlling interests	8,483	7,481
Total equity	785,426	832,971
Total liabilities and equity	<u>\$ 1,514,209</u>	<u>\$ 1,513,620</u>

(1) Decrease due to impact of newly adopted ASC 842. See *Item 8. FINANCIAL STATEMENTS—Note 2. Summary of Significant Accounting Policies.* in our Annual Report on Form 10-K for the year ended December 31, 2019 for further discussion.

(2) Includes \$1,287 right of use asset/lease liability due to the impact of newly adopted ASC 842. See *Item 8. FINANCIAL STATEMENTS—Note 2. Summary of Significant Accounting Policies.* in our Annual Report on Form 10-K for the year ended December 31, 2019 for further discussion.



Boonespring Healthcare Center & Rehabilitation
Union, KY

Supplemental Operating & Financial Data

December 2019





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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, 2019 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 EBITDAre, adjusted EBITDAre, FFO, FFO excluding non-recurring items, FAD, FAD excluding non-recurring items, adjusted interest coverage ratio, and adjusted fixed charges coverage ratio. A reconciliation of this non-GAAP information is provided on pages 22, 25 and 26 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.

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Founded in 1992, LTC Properties, Inc. (NYSE: LTC) is a self-administered real estate investment trust (REIT) investing in seniors housing and health care properties primarily through sale-leaseback transactions, mortgage financing and structured finance solutions including preferred equity and mezzanine lending. LTC's portfolio encompasses Skilled Nursing Facilities (SNF), Assisted Living Communities (ALF), Independent Living Communities (ILF), Memory Care Communities (MC) and combinations thereof. Our main objective is to build and grow a diversified portfolio that creates and sustains shareholder value while providing our stockholders current distribution income. To meet this objective, we seek properties operated by regional operators, ideally offering upside and portfolio diversification (geographic, operator, property type and investment vehicle). For more information, visit www.LTCreit.com.

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

ANALYSTS

Connor Siversky	Berenberg Capital Markets
John Kim	BMO Capital Markets Corp.
Daniel Bernstein	CapitalOne
Jordan Sadler	KeyBanc Capital Markets, Inc.
Omotayo Okusanya	Mizuho Securities USA LLC
Mike Carroll	RBC Capital Markets Corporation
Rich Anderson	SMBC Nikko Securities
Chad Vanacore	Stifel, Nicolaus & Company, Inc.
Todd Stender	Wells Fargo Securities, LLC

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.

LEADERSHIP



Wendy Simpson
Chairman, Chief Executive Officer and President



Pam Kessler
Executive Vice President, CFO and Secretary



Clint Malin
Executive Vice President, Chief Investment Officer



Cece Chikhale
Senior Vice President, Controller and Treasurer



Doug Korey
Senior Vice President, Managing Director of Business Development



Peter Lyow
Vice President, Director of Taxes



Mandi Hogan
Vice President, Marketing



Gibson Satterwhite
Vice President, Asset Management



Mike Bowden
Vice President, Investments

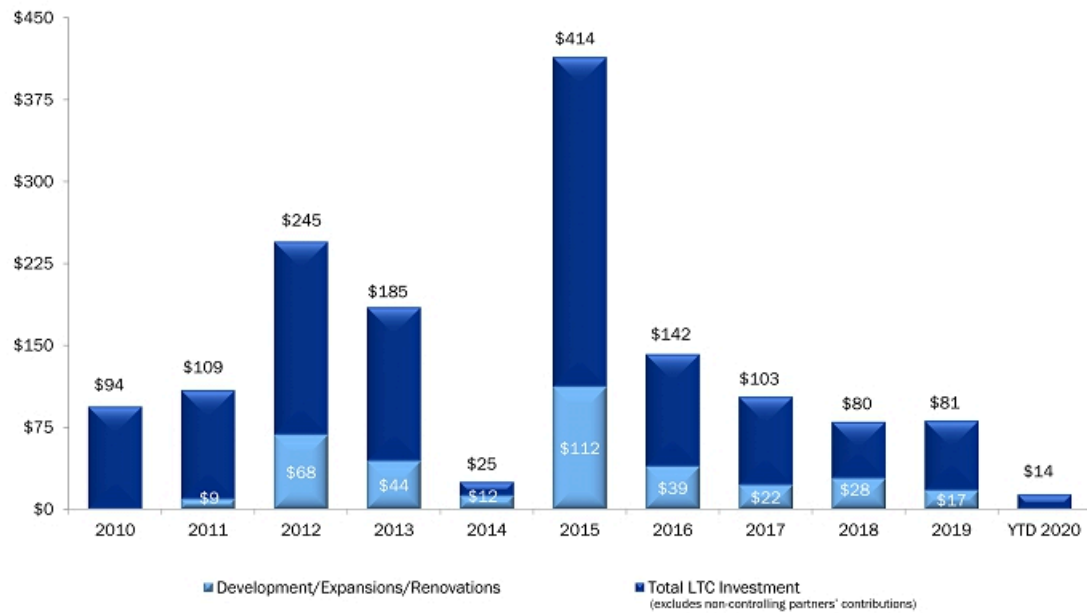
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TRANSFER AGENT
American Stock Transfer
and Trust Company
6201 15th Avenue
Brooklyn, NY 11219
866-708-5586



EXECUTION OF GROWTH STRATEGY

\$1.5 Billion in Total Investments Underwritten





REAL ESTATE ACTIVITIES – ACQUISITIONS AND LOAN ORIGINATIONS

(DOLLAR AMOUNTS IN THOUSANDS)

ACQUISITIONS

DATE	# OF PROPERTIES	PROPERTY TYPE	# BEDS/ UNITS	LOCATION	OPERATOR	DATE OF CONSTRUCTION	CONTRACTUAL INITIAL CASH YIELD	PURCHASE PRICE	ADDITIONAL COMMITMENT ⁽¹⁾
2018									
5/11	1	UDP ⁽²⁾	78 units	Medford, OR	Fields Senior Living	2018-2020	7.65%	\$ 600 ⁽¹⁾	\$ 17,508 ⁽³⁾
6/28	2	MC	88 units	Fort Worth & Frisco, TX	Koelsch Communities	2014/2015	7.25%	25,200	—
8/30	1	ILF	89 units	Medford, OR	Fields Senior Living	1984/2005	6.75%	14,400 ⁽¹⁾	— ⁽⁶⁾
	4		255 units					\$ 40,200	\$ 17,508
2019									
1/31	1	ALF/MC	74 units	Abingdon, VA	English Meadows Senior Living	2015	7.40%	\$ 16,719 ⁽⁴⁾	\$ —
8/15	1	SNF ⁽⁵⁾	90 beds	Kansas City, MO	Ignite Medical Resorts	2018	8.25% ⁽⁶⁾	19,500	—
8/23	1	UDP ⁽²⁾⁽⁵⁾	90 beds	Independence, MO	Ignite Medical Resorts	2019-2020	9.25%	2,622	14,752
12/31	1	ALF/MC	76 units	Auburn Hills, MI	Randall Residence	1995	7.40%	6,486	1,900 ⁽⁷⁾
12/31	1	MC	80 units	Sterling Heights, MI	Randall Residence	1997	7.40%	12,514	— ⁽⁷⁾
	5		230 units / 180 beds					\$ 57,841	\$ 16,652
2020									
1/10	1	SNF	140 beds	Longview, TX	HMG Healthcare	2014	8.50%	\$ 13,500	\$ —

- (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 Annual Report on Form 10-K.
- (2) See page 7 for development activities.
- (3) We entered into a joint venture ("JV") to develop, purchase and own seniors housing communities. During 2018, the JV purchased land for the development of a 78-unit ALF/MC community for a total anticipated project cost of \$18,108. Additionally during 2018, in a sale-leaseback transaction, the JV purchased an existing operational 89-unit ILF community adjacent to the ALF/MC community we are developing for \$14,400. Upon completion of the development project, LTC's economic interest in the real estate JV will be approximately 88%. We account for the JV on a consolidated basis. See page 6 for joint venture contributions.
- (4) We entered into a JV to purchase an existing operational 74-unit ALF/MC community. The non-controlling partner contributed \$919 of equity and we contributed \$15,976 in cash. LTC's economic interest in the real estate JV is approximately 95%. We account for the JV on a consolidated basis. See page 6 for joint venture contributions.
- (5) We acquired a 90-bed post-acute skilled nursing center in Kansas City, MO. We also acquired a parcel of land and committed to develop a 90-bed post-acute skilled nursing center in Independence, MO.
- (6) Escalated by 2% in December 2019 and annually thereafter.
- (7) Capital improvement commitment is available to both properties for a total of \$1,900.

LOAN ORIGINATIONS

DATE	# OF PROPERTIES	PROPERTY TYPE	# BEDS/ UNITS	LOCATION	LOAN TYPE	MATURITY DATE	OPERATOR	ORIGINATION	FUNDED AT ORIGINATION	STATED INTEREST RATE
2018										
3/1	1	SNF	112 beds	Sterling Heights, MI ⁽¹⁾	Mortgage	Oct-2045	Prestige Healthcare	\$ 9,100	\$ 7,400	8.66%
8/31	1	SNF	126 beds	Grand Haven, MI ⁽¹⁾	Mortgage	Oct-2045	Prestige Healthcare	10,125	7,125	9.41%
10/16	1	UDP-ALF/MC/ILF	204 units	Atlanta, GA	Mezzanine	Dec-2023	Village Park Senior Living	6,828	—	12.00% ⁽²⁾
	3		238 beds/204 units					\$ 26,053	\$ 14,525	
2019										
6/20	2	SNF	205 beds	East Lansing, MI ⁽³⁾	Mortgage	Jan-2045	Prestige Healthcare	\$ 7,500	\$ 7,500	9.41%

- (1) We funded additional loan proceeds of \$7,400 and \$7,125 and committed to fund \$1,700 and \$3,000 in capital improvements, respectively, under an existing mortgage loan. The loan is secured by four SNF properties in Michigan. See page 8 for the detail of remaining commitments for expansions and renovations.
- (2) Represents a mezzanine loan with a rate of 12.00% annually (8% paid in cash and 4% deferred during the first 46 months) which was originated in 4Q18 but funded in 1Q19.
- (3) We funded additional loan proceeds of \$7,500 under an existing mortgage loan. The incremental funding bears interest at 9.41%, fixed for two years, and escalating by 2.25% thereafter.



REAL ESTATE ACTIVITIES – JOINT VENTURES

(DOLLAR AMOUNTS IN THOUSANDS)

UNCONSOLIDATED JOINT VENTURES

COMMITMENT				PROPERTY	INVESTMENT	MATURITY		# BEDS/	INVESTMENT		CARRYING
YEAR	LOCATION	PROPERTIES	OPERATOR	TYPE	TYPE	DATE	RETURN	UNITS	COMMITMENT	IMPAIRMENT	VALUE
2015	Peoria & Yuma, AZ	4	Senior Lifestyle	ALF/MC/ILF	Preferred Equity	N/A	15.00% ⁽¹⁾	585 units	\$ 24,503	\$ (5,500) ⁽¹⁾	\$ 19,003

(1) Effective second quarter of 2019, this JV was placed on cash basis due to delinquency of our preferred return. In November 2019, the JV signed a contract for the sale of the four properties comprising the JV. The contract was subject to standard due diligence and other contingencies to close, all of which were met in January 2020. Accordingly, based on the information available to us, we recorded an impairment loss from investment in unconsolidated joint ventures of \$5,500 and wrote our preferred equity investment down to its estimated fair value.

CONSOLIDATED JOINT VENTURES

INVESTMENT			PROPERTY		# BEDS/	TOTAL	NON-CONTROLLING		LTC	LTC	LTC
YEAR	LOCATION	OPERATOR	TYPE	INVESTMENT PURPOSE	UNITS	JOINT VENTURES	INTEREST		COMMITMENT	FUNDED	REMAINING
2017	Cedarburg, WI	Tealwood Senior Living	ALF/MC/ILF	Owned Real Estate & Development	110 units	\$ 22,517	\$ 2,318	\$	20,199	\$ 19,133 ⁽²⁾	\$ —
2017	Spartanburg, SC	Affinity Living Group	ALF	Owned Real Estate	87 units	11,660	1,241		10,419	10,419	—
					197 units	34,177	3,559		30,618	29,552	—
2018	Medford, OR	Fields Senior Living ⁽³⁾	UDP	Owned Real Estate & Development	78 units	18,108	1,081		17,027	12,308	4,719
2018	Medford, OR	Fields Senior Living ⁽³⁾	ILF	Owned Real Estate	89 units	14,400	2,857		11,543	11,543	—
					167 units	32,508	3,938		28,570	23,851	4,719
2019	Abingdon, VA	English Meadows Senior Living	ALF/MC	Owned Real Estate	74 units	16,895	919		15,976	15,976	—
					438 units	\$ 83,580	\$ 8,416	\$	75,164	\$ 69,379	\$ 4,719

(1) See page 7 for the development activities on a consolidated basis.

(2) In 4Q19, the construction of the senior living community in Cedarburg, WI was completed under budget.

(3) Represents a single joint venture with ownership in two properties.





REAL ESTATE ACTIVITIES – DE NOVO DEVELOPMENT

(DOLLAR AMOUNTS IN THOUSANDS)

ESTIMATED CASH RENT						CONTRACTUAL				TOTAL		TOTAL	
INCEPTION	COMMITMENT			# OF	PROPERTY	INITIAL CASH	# BEDS/	INVESTMENT	4Q19	CAPITALIZED	PROJECT BASIS	REMAINING	
DATE	YEAR	LOCATION	OPERATOR	PROJECTS	TYPE	YIELD	UNITS	COMMITMENT ⁽¹⁾	FUNDING ⁽²⁾	INTEREST/OTHER	TO DATE	COMMITMENT ⁽³⁾	
2Q21	2018	Medford, OR	Fields	1	ALF/MC	7.65%	78 units	\$ 18,108	\$ 3,716	\$ 442	\$ 13,831	\$ 4,719	
4Q20 ⁽⁴⁾	2019	Independence, MO	Ignite	1	SNF	9.25%	90 beds	17,374	1,172	52	4,158	13,268	
				2			78 units / 90 beds	\$ 35,482	\$ 4,888	\$ 494	\$ 17,989	\$ 17,987	

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

(2) In addition to the 4Q19 funding detailed here, we funded \$479 on a property in Union, KY that was completed in 1Q19 and funded \$106 on a property in Cedarburg, WI that was completed in 2Q19. See Lease-Up and Lease-Up History on pages 9 and 10, respectively.

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

(4) In August 2019, we acquired a parcel of land for \$2,622 and committed to develop a 90-bed post-acute skilled nursing center in Independence, MO. Completion is scheduled for the fall of 2020.



Ignite Medical Resort Blue Springs
Independence, MO





REAL ESTATE ACTIVITIES – EXPANSIONS & RENOVATIONS

(DOLLAR AMOUNTS IN THOUSANDS)

MORTGAGE LOANS

ESTIMATED INTEREST DATE	COMMITMENT YEAR	PROJECT TYPE	LOCATION	OPERATOR	# OF PROJECTS	PROPERTY TYPE	CONTRACTUAL INITIAL CASH YIELD	INVESTMENT COMMITMENT	4Q19 FUNDING	TOTAL FUNDED TO DATE	REMAINING COMMITMENT
— ⁽¹⁾	2016	Renovation	East Lansing, MI	Prestige Healthcare	2	SNF	9.41%	\$ 4,500	\$ 122	\$ 4,263	\$ 237
— ⁽²⁾	2018	Renovation	Sterling Heights, MI	Prestige Healthcare	1	SNF	8.66%	1,700	41	971	729
— ⁽²⁾	2018	Renovation	Grand Haven, MI	Prestige Healthcare	1	SNF	9.41%	3,000	221	711	2,289
					4			\$ 9,200	\$ 384	\$ 5,945	\$ 3,255

(1) Commitment is secured by two properties in Michigan operated by Prestige Healthcare. Interest payment increases upon each funding.

(2) Commitment is part of the total loan commitment secured by four properties in Michigan operated by Prestige Healthcare. Interest payment increases upon each funding.





REAL ESTATE ACTIVITIES – LEASE-UP

(DOLLAR AMOUNTS IN THOUSANDS)

DATE ACQUIRED	DATE OPENED ⁽¹⁾	OCCUPANCY AT 12/31/2019	DEVELOPMENT COMMITMENT YEAR	PROJECT TYPE	LOCATION	OPERATOR	# OF PROJECTS	PROPERTY TYPE	# BEDS/ UNITS	CONTRACTUAL INITIAL CASH YIELD	TOTAL INVESTMENT ⁽²⁾
Oct-2016	Jun-2018	71%	2016	Development	Oak Lawn, IL	Anthem ⁽³⁾	1	MC	66 units	— ⁽³⁾	\$ 14,997
Dec-2017	Feb-2019 ⁽⁴⁾	23%	2017	Development	Cedarburg, WI	Tealwood	1	ALF/MC/ILF	110 units	7.50%	21,527
							2		176 units		\$ 36,524

(1) Represents date of Certificate of Occupancy.

(2) Total investment for acquisitions includes closing costs and total development costs and excludes capitalized interest.

(3) As a result of Anthem's default under its master lease in 2017, Anthem is paying annual cash rent of \$9.9 million through 2020. We receive regular financial performance updates from Anthem and continue to monitor Anthem's performance obligations under the master lease agreement.

(4) Certificate of occupancy was received in February 2019, however licensure was not received until April 2019.





REAL ESTATE ACTIVITIES – LEASE-UP HISTORY

PROPERTY	LOCATION	OPERATOR	PROPERTY TYPE	PROJECT TYPE	# BEDS/ UNITS	DATE ACQUIRED	DATE OPENED ⁽¹⁾	DATE STABILIZED	# OF MONTHS TO STABILIZATION
Highline Place	Littleton, CO	Anthem	MC	Development	60 units	May-2012	Jul-2013	Sep-2013	2
Willowbrook Place - Kipling	Littleton, CO	Anthem	MC	Development	60 units	Sep-2013	Aug-2014	Dec-2015	16
Chelsea Place	Aurora, CO	Anthem	MC	Development	48 units	Sep-2013	Dec-2014	Mar-2016	15
Greenridge Place	Westminster, CO	Anthem	MC	Development	60 units	Dec-2013	Feb-2015	Feb-2017	24
Harvester Place	Burr Ridge, IL	Anthem	MC	Development	66 units	Oct-2014	Feb-2016	Feb-2018	24
Vineyard Place	Murrieta, CA	Anthem	MC	Development	66 units	Sep-2015	Aug-2016	Aug-2018	24
Porter Place	Tinley Park, IL	Anthem	MC	Development	66 units	May-2015	Jul-2016	Jul-2018	24
Emerald Place ⁽²⁾	Glenview, IL	Anthem	MC	Development	66 units	Oct-2015	Dec-2017	Dec-2019	24
Coldspring Transitional Care Center	Cold Spring, KY	Carespring	SNF	Development	143 beds	Dec-2012	Nov-2014	Jun-2016	19
Boonespring Healthcare Center ⁽³⁾	Union, KY	Carespring	SNF	Development	143 beds	Sep-2016	Feb-2019	Dec-2019	10
Hillside Heights Rehabilitation Suites	Amarillo, TX	Fundamental	SNF	Redevelopment	120 beds	Oct-2011	Jul-2013	Aug-2013	1
Pavilion at Glacier Valley	Slinger, WI	Fundamental	SNF	Redevelopment	106 beds	Feb-2015	Feb-2014	Feb-2016	24
Pavilion at Creekwood	Mansfield, TX	Fundamental	SNF	Acquisition	126 beds	Feb-2016	Jul-2015	Feb-2017	12
Carmel Village Memory Care	Clovis, CA	Generations	MC/ILF	Acquisition	73 units	Jun-2017	Sep-2016	Jun-2018	12
Carmel Village at Clovis	Clovis, CA	Generations	ALF	Acquisition	107 units	Jun-2017	Nov-2014	Jun-2018	12
Mustang Creek Estates	Frisco, TX	Mustang Creek Mgmt	ALF/MC	Development	80 units	Dec-2012	Oct-2014	Dec-2015	14
The Oxford Grand	Wichita, KS	Oxford Senior Living	ALF/MC	Development	77 units	Oct-2012	Oct-2013	Sep-2014	11
Oxford Villa	Wichita, KS	Oxford Senior Living	ILF	Development	108 units	May-2015	Nov-2016	Nov-2018	24
Oxford Kansas City	Kansas City, MO	Oxford Senior Living	ALF/MC	Acquisition	73 units	Oct-2017	Aug-2017	Jun-2019	22

(1) Represents date of Certificate of Occupancy.

(2) Property meets the definition of stabilized by being open for 24 months but has not yet achieved the occupancy threshold requirement of 90% for ALF. The occupancy for Glenview, IL property at December 31, 2019 was 77%.

(3) Property meets the definition of stabilized and has achieved the occupancy threshold requirement of 80% for SNF. The occupancy for Union, KY property at December 31, 2019 was 85%.

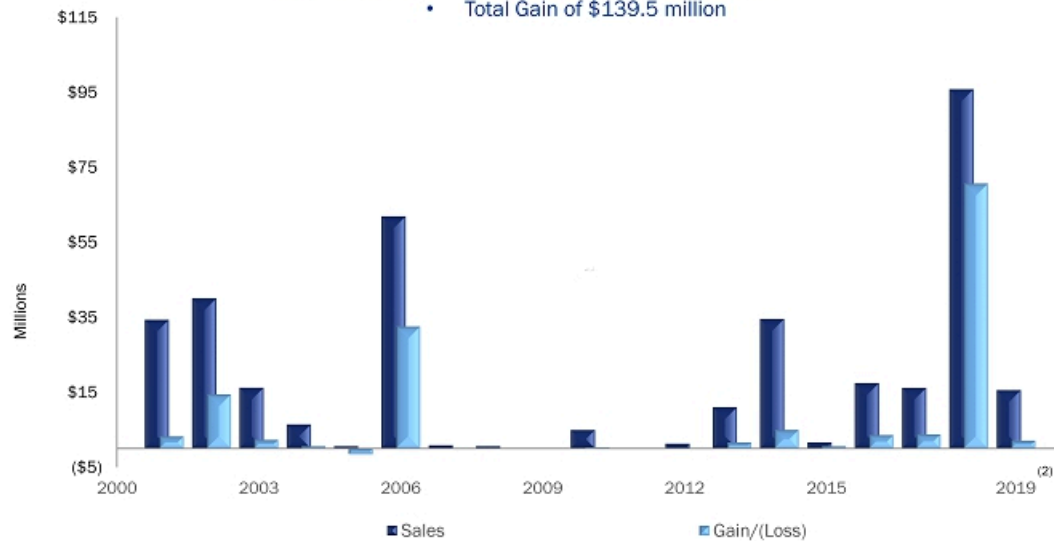




REAL ESTATE ACTIVITIES – CAPITAL RECYCLING

On average, LTC has sold approximately \$18 million⁽¹⁾ annually

- Since 2000:
- Total Sales Price of \$359.4 million
 - Total Gain of \$139.5 million



(1) Reflects total sales price.

(2) During 4Q19, we entered into multiple contracts to sell a majority of the properties operated by Preferred Care. The contracts are subject to standard due diligence and contingencies to close. As a result, the certainty of completing the sales of the properties is unknown. If those transactions are completed successfully, some closings could occur in 1Q20 and the remainder in 2Q20. Preferred Care is currently paying monthly rent of \$55 which we are accounting for on a cash basis.





PORTFOLIO OVERVIEW

(DOLLAR AMOUNTS IN THOUSANDS)

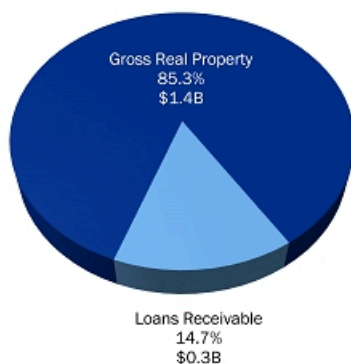
PROPERTY TYPE	# OF PROPERTIES	GROSS INVESTMENT	% OF INVESTMENT	TWELVE MONTHS ENDED DECEMBER 31, 2019		
				RENTAL INCOME ⁽¹⁾	INTEREST INCOME ⁽²⁾	% OF REVENUES
Skilled Nursing	92	\$ 853,029	49.0%	\$ 69,087	\$ 29,991	58.7%
Assisted Living	106	858,852	49.3%	68,641	—	40.7%
Under Development ⁽³⁾	—	17,989	1.0%	—	—	—
Other ⁽⁴⁾	1	11,360	0.7%	955	—	0.6%
Total	199	\$ 1,741,230	100.0%	\$ 138,683	\$ 29,991	100.0%

(1) Includes "cash rent," "straight-line rent" and "amortization of lease incentives" and excludes real estate taxes reimbursement, straight-line rent write-off and rental income from properties sold during the twelve months ended December 31, 2019.

(2) Includes "interest income from mortgage loans" and excludes interest income from mortgage loans that paid off during the twelve months ended December 31, 2019.

(3) Includes two development projects consisting of a 78-unit ALF/MC community in Oregon and a 90-bed SNF center in Missouri.

(4) Includes three parcels of land held-for use and one behavioral health care hospital.





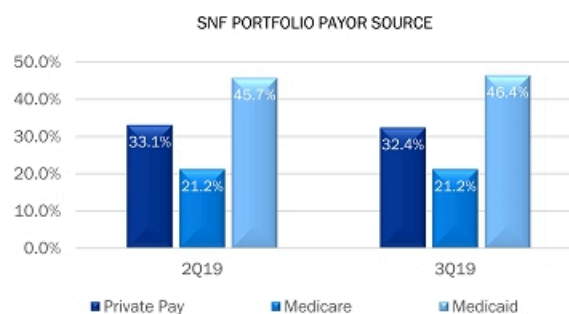
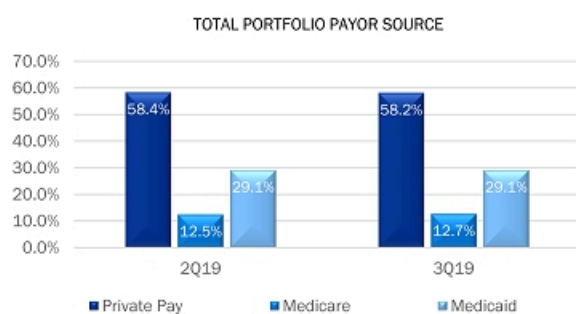
PORTFOLIO METRICS

(TRAILING TWELVE MONTHS THROUGH SEPTEMBER 30, 2019 AND JUNE 30, 2019)

SAME PROPERTY PORTFOLIO STATISTICS ⁽¹⁾



STABILIZED PROPERTY PORTFOLIO ⁽¹⁾



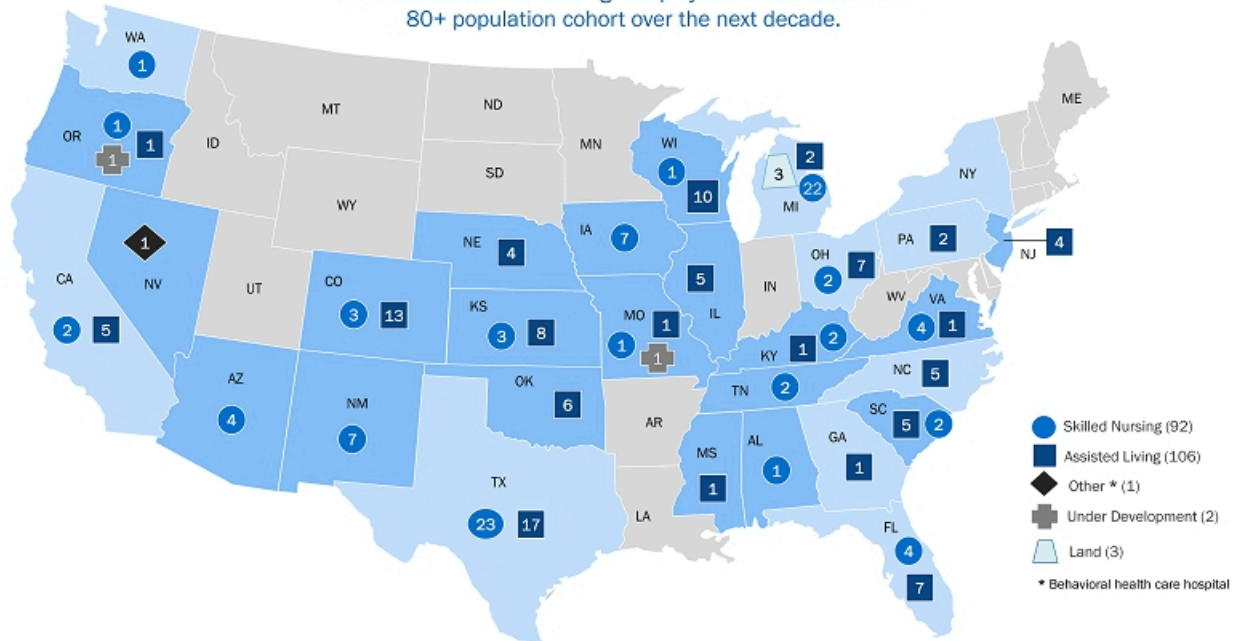
(1) Information is from property level operator financial statements which are unaudited and have not been independently verified by LTC.



PORTFOLIO DIVERSIFICATION – GEOGRAPHY

(AS OF DECEMBER 31, 2019)

States in which we have the highest concentration of properties are those states with the highest projected increases in the 80+ population cohort over the next decade.



Represents 10 states with the highest projected increases in the 80+ population cohort from year 2020 to year 2030

Source: The American Senior Housing Association, Winter 2018, Population Growth Forecast by State





PORTFOLIO DIVERSIFICATION – GEOGRAPHY

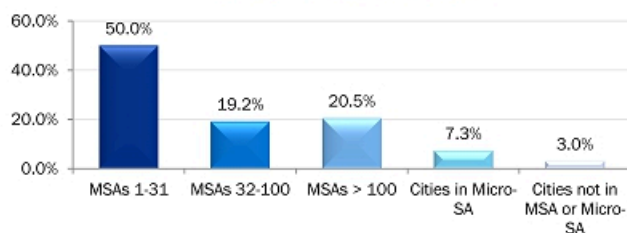
(AS OF DECEMBER 31, 2019, DOLLAR AMOUNTS IN THOUSANDS)

STATE ⁽¹⁾	# OF PROPS	GROSS INVESTMENT		%	SNF	%	ALF	%	UDP	%	OTH ⁽²⁾	%
Texas	40	\$ 284,697	16.4%		\$ 214,227	25.1%	\$ 70,470	8.2%	\$ —	—	\$ —	—
Michigan	24	276,742	15.9%		256,660	30.1%	19,139	2.2%	—	—	943	8.3%
Wisconsin	11	149,290	8.6%		13,946	1.6%	135,344	15.8%	—	—	—	—
Colorado	16	114,923	6.6%		8,044	0.9%	106,879	12.4%	—	—	—	—
California	7	103,240	5.9%		22,262	2.6%	80,978	9.4%	—	—	—	—
Illinois	5	87,604	5.0%		—	—	87,604	10.2%	—	—	—	—
Ohio	9	86,474	5.0%		54,000	6.3%	32,474	3.8%	—	—	—	—
Florida	11	72,169	4.1%		32,865	3.9%	39,304	4.6%	—	—	—	—
Kansas	11	71,505	4.1%		14,111	1.7%	57,394	6.7%	—	—	—	—
Kentucky	3	62,715	3.6%		48,520	5.7%	14,195	1.7%	—	—	—	—
All Others	62	431,871	24.8%		188,394	22.1%	215,071	25.0%	17,989	100.0%	10,417	91.7%
Total	199	\$ 1,741,230	100.0%		\$ 853,029	100.0%	\$ 858,852	100.0%	\$ 17,989	100.0%	\$ 11,360	100.0%

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

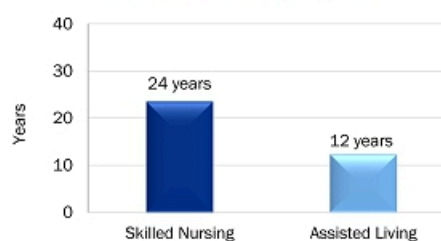
(2) Includes one behavioral health care hospital and three parcels of land.

GROSS PORTFOLIO BY MSA ⁽¹⁾



(1) The MSA rank by population as of July 1, 2018, as estimated by the United States Census Bureau. Approximately 69% of our properties are in the top 100 MSAs.

AVERAGE PORTFOLIO AGE ⁽¹⁾



(1) As calculated from construction date or major renovation/expansion date. Includes owned portfolio and mortgage loans secured by 22 SNF properties in Michigan.



PORTFOLIO DIVERSIFICATION – OPERATORS

(AS OF DECEMBER 31, 2019, DOLLAR AMOUNTS IN THOUSANDS)

OPERATORS	# OF PROPS	ANNUALIZED INCOME				GROSS	
		GAAP ⁽¹⁾	%	CASH	%	INVESTMENT	%
Prestige Healthcare	24	\$ 32,094	19.4%	\$ 26,345	16.8%	\$ 269,792	15.5%
Senior Lifestyle Corporation	23	20,217	12.2%	18,215	11.6%	191,283	11.0%
Senior Care Centers	11	14,603 ⁽²⁾	8.8%	14,603 ⁽²⁾	9.3%	138,109	7.9%
Anthem Memory Care	11	9,900 ⁽³⁾	6.0%	9,900 ⁽³⁾	6.3%	136,484	7.8%
Brookdale Senior Living	35	13,648	8.3%	13,722	8.8%	98,921	5.7%
Carespring Health Care Management	4	11,194	6.8%	9,748	6.2%	102,520	5.9%
Fundamental	7	8,409	5.1%	8,464	5.4%	75,795	4.4%
Traditions Senior Management	7	8,276	5.0%	8,535	5.4%	71,742	4.1%
Genesis Healthcare	6	8,154	4.9%	8,111	5.2%	50,004	2.9%
Juniper Communities	5	6,663	4.0%	6,480	4.1%	81,988	4.7%
All Others	66	32,073	19.5%	32,608	20.9%	524,592 ⁽⁴⁾	30.1%
	199	\$ 165,231	100.0%	\$ 156,731	100.0%	\$ 1,741,230	100.0%

- (1) Represents annualized income for the month of December 2019 for leased properties, except for Senior Care, Anthem and Preferred Care as noted below, and annualized interest income from mortgage loans outstanding as of December 31, 2019.
- (2) In December 2018, Senior Care Centers and numerous of its affiliates and subsidiaries ("Senior Care") filed for Chapter 11 bankruptcy resulting from lease terminations from certain landlords and ongoing operational challenges. During 4Q19, the judge allowed Senior Care to assume LTC's master lease and Senior Care paid LTC the December 2018 unpaid rent, late fees and legal fees totaling approximately \$1,600. Due to the uncertainty regarding Senior Care's emergence from bankruptcy, the amount reflects contractual annual cash rent.
- (3) Anthem is currently being accounted for on a cash basis. See page 9 for Anthem disclosure.
- (4) During 4Q19, we entered into multiple contracts to sell a majority of the properties operated by Preferred Care. The contracts are subject to standard due diligence and contingencies to close. As a result, the certainty of completing the sales of the properties is unknown. If those transactions are completed successfully, some closings could occur in 1Q20 and the remainder in 2Q20. Preferred Care is currently paying monthly rent of \$55 which we are accounting for on a cash basis.



Privately Held	SNF/ALF/ILF Other Rehab	78 Properties	5 States
Privately Held	ALF/ILF/MC/SNF Short Term Stays	174 Properties	27 States
Privately Held	SNF/ALF	22 Properties	1 State
Privately Held	Exclusively MC	12 Properties	4 States
NYSE: BKD	ILF/ALF/MC Continuing Care	794 Properties	45 States



Privately Held	SNF/ALF/ILF Transitional Care	13 Properties	2 States
Privately Held	SNF/MC Hospitals & Other Rehab	86 Properties	10 States
Privately Held	SNF/ALF/ILF	25 Properties	5 States
NYSE: GEN	SNF/ALF Senior Living	Nearly 400 Properties	26 States
Privately Held	ALF/ILF/MC/SNF	21 Properties	3 States



PORTFOLIO MATURITY

(AS OF DECEMBER 31, 2019, DOLLAR AMOUNTS IN THOUSANDS)

YEAR	RENTAL INCOME ⁽¹⁾	% OF TOTAL	INTEREST INCOME ⁽¹⁾	% OF TOTAL	ANNUAL INCOME ⁽¹⁾	% OF TOTAL
2020	\$ 13,648 ⁽²⁾	10.2%	\$ —	—	\$ 13,648	8.3%
2021	3,958	2.9%	—	—	3,958	2.4%
2022	771	0.6%	—	—	771	0.5%
2023	3,332	2.5%	—	—	3,332	2.0%
2024	5,140	3.8%	—	—	5,140	3.1%
2025	9,087	6.8%	—	—	9,087	5.5%
2026	16,430	12.2%	—	—	16,430	9.9%
Thereafter	82,005	61.0%	30,860	100.0%	112,865	68.3%
Total	\$ 134,371	100.0%	\$ 30,860	100.0%	\$ 165,231	100.0%

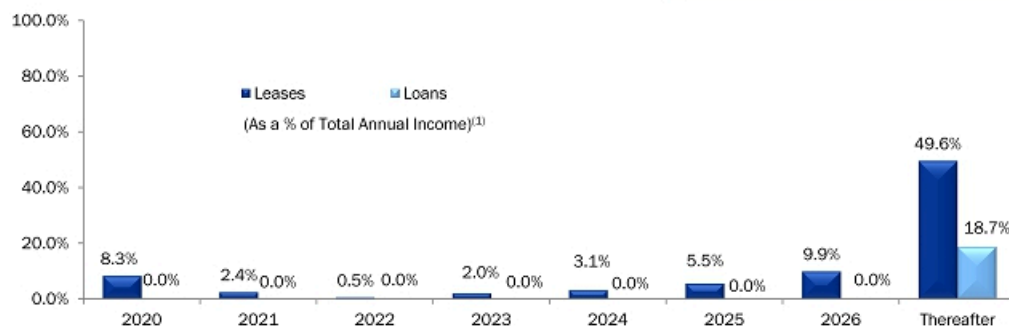
Near Term Lease Maturities:



- Four in 2020 with an annualized GAAP rent totaling \$13.6 million⁽³⁾
- Three in 2021 with an annualized GAAP rent totaling \$4.0 million
- One in 2022 with an annualized GAAP rent totaling \$0.8 million



As of December 31, 2019, approximately 94% of owned properties are covered under master leases and approximately 94% of rental revenues come from master leases or cross-default leases.



(1) Includes annualized GAAP rent for leased properties, except for Anthem, Senior Care and Preferred Care, and annualized interest income from mortgage loans outstanding as of December 31, 2019.

(2) Represents Brookdale maturing on 12/31/20, with two 10-year renewal options.





ENTERPRISE VALUE

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND NUMBER OF SHARES)

		DECEMBER 31, 2019	CAPITALIZATION
DEBT			
Bank borrowings - weighted average rate 3.1% ⁽¹⁾		\$ 93,900	
Senior unsecured notes, net of debt issue costs - weighted average rate 4.4% ⁽²⁾		599,488	
Total debt - weighted average rate 4.2%		693,388	28.0%
EQUITY			
	No. of shares	12/31/19 Closing Price	
Common stock	39,751,704	\$ 44.77 ⁽³⁾	1,779,684 72.0%
TOTAL MARKET VALUE		\$ 2,473,072	100.0%
Add: Non-controlling interest		8,483	
Less: Cash and cash equivalents		(4,244)	
ENTERPRISE VALUE		\$ 2,477,311	
Debt to Enterprise Value		28.0%	
Debt to Annualized Adjusted EBITDA ⁽⁴⁾		4.6x	

CAPITALIZATION



(1) Subsequent to December 31, 2019, we borrowed \$18,000 under our unsecured revolving line of credit. Accordingly, we have \$111,900 outstanding with \$488,100 available for borrowing.

(2) Represents outstanding balance of \$600,300, net of debt issue costs of \$812.

(3) Closing price of our common stock as reported by the NYSE on December 31, 2019.

(4) See page 22 for reconciliation of annualized adjusted EBITDA.





DEBT METRICS

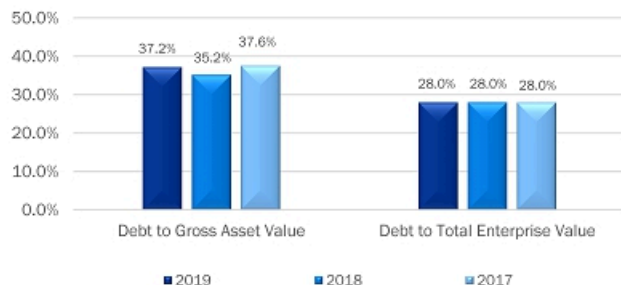
(DOLLAR AMOUNTS IN THOUSANDS)

LINE OF CREDIT LIQUIDITY



(1) Subsequent to December 31, 2019, we borrowed \$18,000 under our unsecured revolving line of credit. Accordingly, we have \$111,900 outstanding with \$488,100 available for borrowing.

LEVERAGE RATIOS



COVERAGE RATIOS



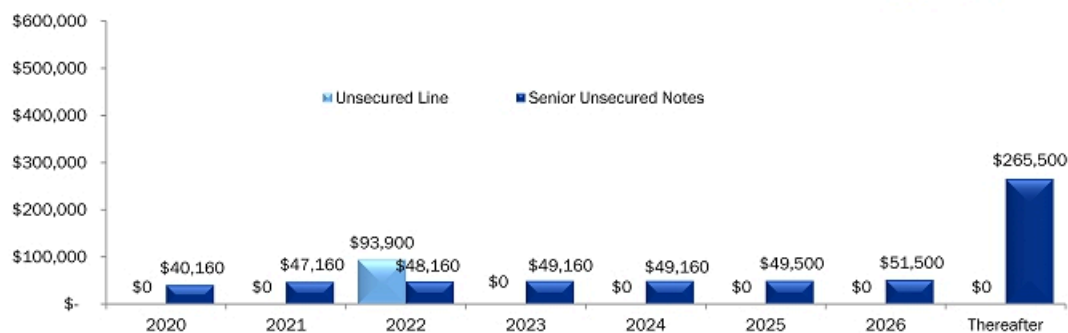
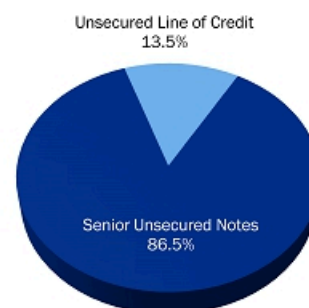


DEBT MATURITY

(AS OF DECEMBER 31, 2019, DOLLAR AMOUNTS IN THOUSANDS)

YEAR	UNSECURED LINE OF CREDIT ⁽¹⁾	SENIOR UNSECURED NOTES ⁽²⁾	TOTAL	% OF TOTAL
2020	\$ —	\$ 40,160	\$ 40,160	5.8%
2021	—	47,160	47,160	6.8%
2022	93,900	48,160	142,060	20.5%
2023	—	49,160	49,160	7.1%
2024	—	49,160	49,160	7.1%
2025	—	49,500	49,500	7.1%
2026	—	51,500	51,500	7.4%
Thereafter	—	265,500	265,500	38.2%
Total	\$ 93,900	\$ 600,300 ⁽³⁾	\$ 694,200 ⁽³⁾	100.0%

DEBT STRUCTURE



(1) Subsequent to December 31, 2019, we borrowed \$18,000 under our unsecured revolving line of credit. Accordingly, we have \$111,900 outstanding with \$488,100 available for borrowing.

(2) Reflects scheduled principal payments.

(3) Includes debt issue costs which are excluded in the senior unsecured notes balance on our Consolidated Balance Sheets shown on page 24.





FINANCIAL DATA SUMMARY

(DOLLAR AMOUNTS IN THOUSANDS)

NON-CASH REVENUE COMPONENTS

	12/31/19	12/31/18	12/31/17
Gross real estate assets	\$ 1,741,230	\$ 1,666,842	\$ 1,618,284
Net real estate investments	\$ 1,390,915	\$ 1,349,520	\$ 1,309,996
Gross asset value	\$ 1,864,705	\$ 1,831,070	\$ 1,774,024
Total debt ⁽¹⁾	\$ 693,388	\$ 645,029	\$ 667,502
Total liabilities ⁽¹⁾	\$ 728,783	\$ 680,649	\$ 706,922
Total equity	\$ 785,426	\$ 832,971	\$ 758,648

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

	4Q19	1Q20 ⁽¹⁾	2Q20 ⁽¹⁾	3Q20 ⁽¹⁾	4Q20 ⁽¹⁾
Straight-line rent	\$ 889	\$ 831	\$ 727	\$ 593	\$ 380
Amortization of lease incentives	(104)	(101)	(108)	(108)	(108)
Effective interest	1,481	1,523	1,555	1,549	1,477
Net	\$ 2,266	\$ 2,253	\$ 2,174	\$ 2,034	\$ 1,749

(1) For leases and loans in place at December 31, 2019, assuming no renewals, modifications or replacements, and no new investments are added to our portfolio except for the subsequent acquisitions, lease extensions, completed development in 2020 and the leases on cash basis.

COMPONENTS OF RENTAL INCOME

	THREE MONTHS ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2019	2018	2019	2018
Cash rent	\$ 33,500 ⁽¹⁾	\$ 32,279	\$ 134,581 ⁽¹⁾	\$ 127,947
Revenue related to real estate taxes reimbursed by the operator ⁽²⁾	3,904	—	15,998	—
Straight-line rent	889 ⁽³⁾	921	4,487 ⁽³⁾	9,550
Straight-line rent write-off	—	—	(1,926) ⁽⁴⁾	—
Amortization of lease incentives	(104) ⁽³⁾	(441)	(385) ⁽³⁾	(2,092)
Total rental income	\$ 38,189	\$ 32,759	\$ 152,755	\$ 135,405

(1) Increased due to acquisitions, developments and capital improvement projects partially offset by decreased rent from properties sold in 2018 and 2019 lease transitions.

(2) Per the provisions of the new GAAP lease standard, any lessor cost, paid by the lessor and reimbursed by the lessee, must be included as lease revenue. We have adopted the new lease standard using a modified retrospective approach as of January 1, 2019. Accordingly, we are not required to report this revenue stream for periods prior to January 1, 2019.

(3) Decrease is due to the adoption of the new GAAP lease standard, under which we wrote off straight-line rent and lease incentives related to certain operators.

(4) Represents the write-off of straight-line rent due to a lease termination and transition of two seniors housing communities to a new operator.



FINANCIAL DATA SUMMARY

(DOLLAR AMOUNTS IN THOUSANDS)

RECONCILIATION OF ANNUALIZED ADJUSTED EBITDAre AND FIXED CHARGES

	THREE MONTHS ENDED	FOR THE YEAR ENDED		
	12/31/19	12/31/2019	12/31/2018	12/31/2017
Net income	\$ 12,631	\$ 80,872	\$ 155,076	\$ 87,340
Add/Less: Loss (gain) on sale of real estate, net	4,630	(2,106)	(70,682)	(3,814)
Add: Impairment charges	5,500 ⁽¹⁾	5,500 ⁽¹⁾	—	1,880 ⁽²⁾
Add: Interest expense	7,578	30,582	30,196	29,949
Add: Depreciation and amortization	9,817	39,216	37,555	37,610
EBITDAre	40,156	154,064	152,145	152,965
Less: Non-recurring one-time items	(2,111) ⁽³⁾	(1,535) ⁽⁴⁾	(3,074) ⁽⁵⁾	(842) ⁽⁵⁾
Adjusted EBITDAre	\$ 38,045	\$ 152,529	\$ 149,071	\$ 152,123
Interest expense	\$ 7,578	\$ 30,582	\$ 30,196	\$ 29,949
Add: Capitalized interest	167	608	1,248	908
Fixed charges ⁽⁶⁾	\$ 7,745	\$ 31,190	\$ 31,444	\$ 30,857
Annualized Adjusted EBITDAre	\$ 152,180			
Annualized Fixed Charges	\$ 30,980			
Debt (net of debt issue costs)	\$ 693,388	\$ 693,388	\$ 645,029	\$ 667,502
Debt to Adjusted EBITDAre	4.6x [*]	4.5x	4.3x	4.4x
Adjusted EBITDAre to Fixed Charges	4.9x [*]	4.9x	4.7x	4.9x

* Represents annualized 4Q19 results. Loss (gains) on sale of real estate and non-recurring one-time items were not annualized.

(1) Impairment charge on investments in unconsolidated joint ventures.

(2) Represents net write-off of \$1,880 of straight-line rent and other receivables related to two properties in Overland Park and Wichita, KS.

(3) Gain from property insurance proceeds related to a property in Texas.

(4) Represents (3) above and \$1,350 deferred rent repayment from an operator offset by \$1,926 write-off of straight-line rent due to a lease termination and transition of two seniors housing communities to a new operator.

(5) Represents net write-off of earn-out liabilities and the related lease incentives.

(6) Given we do not have preferred stock, our fixed-charge coverage ratio and interest coverage ratio are the same.



INCOME STATEMENT DATA

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	THREE MONTHS ENDED DECEMBER 31,		TWELVE MONTHS ENDED DECEMBER 31,	
	2019	2018	2019	2018
	(unaudited)		(audited)	
Revenues				
Rental income (see page 21)	\$ 38,189	\$ 32,759	\$ 152,755	\$ 135,405
Interest income from mortgage loans	7,683	7,290	29,991	28,200
Interest and other income	591	3,538	2,558	5,040
Total revenues	46,463	43,587	185,304	168,645
Expenses				
Interest expense	7,578	7,215	30,582	30,196
Depreciation and amortization	9,817	9,396	39,216	37,555
Provision for doubtful accounts	13	11	166	87
Transaction costs	90	65	365	84
Property tax expense	4,189	—	16,755	—
General and administrative expenses	4,541	4,801	18,453	19,193
Total expenses	26,228	21,488	105,537	87,115
Other Operating Income				
(Loss) gain on sale of real estate, net	(4,630)	7,984	2,106	70,682
Operating Income	15,605	30,083	81,873	152,212
Gain from property insurance proceeds	2,111	—	2,111	—
Impairment loss from investments in unconsolidated joint ventures	(5,500)	—	(5,500)	—
Income from unconsolidated joint ventures	415	761	2,388	2,864
Net Income	12,631	30,844	80,872	155,076
Income allocated to non-controlling interests	(89)	(78)	(346)	(95)
Net income attributable to LTC Properties, Inc.	12,542	30,766	80,526	154,981
Income allocated to participating securities	(93)	(121)	(391)	(625)
Net income available to common stockholders	\$ 12,449	\$ 30,645	\$ 80,135	\$ 154,356
Earnings per common share:				
Basic	\$0.31	\$0.78	\$2.03	\$3.91
Diluted	\$0.31	\$0.77	\$2.02	\$3.89
Weighted average shares used to calculate earnings per common share:				
Basic	39,588	39,501	39,571	39,477
Diluted	39,775	39,864	39,759	39,839
Dividends declared and paid per common share	\$0.57	\$0.57	\$2.28	\$2.28



CONSOLIDATED BALANCE SHEETS

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS, AUDITED)

	DECEMBER 31, 2019	DECEMBER 31, 2018
ASSETS		
Investments:		
Land	\$ 126,703	\$ 125,358
Buildings and improvements	1,295,899	1,290,352
Accumulated depreciation and amortization	(312,642)	(312,959)
Operating real estate property, net	1,109,960	1,102,751
Properties held-for-sale, net of accumulated depreciation: 2019—\$35,113; 2018—\$1,916	26,856	3,830
Real property investments, net	1,136,816	1,106,581
Mortgage loans receivable, net of loan loss reserve: 2019—\$2,560; 2018—\$2,447	254,099	242,939
Real estate investments, net	1,390,915	1,349,520
Notes receivable, net of loan loss reserve: 2019—\$181; 2018—\$128	17,927	12,715
Investments in unconsolidated joint ventures	19,003	30,615
Investments, net	1,427,845	1,392,850
Other assets:		
Cash and cash equivalents	4,244	2,656
Restricted cash	—	2,108
Debt issue costs related to bank borrowings	2,164	2,989
Interest receivable	26,586	20,732
Straight-line rent receivable, net of allowance for doubtful accounts: 2019—\$0; 2018—\$746	45,703	73,857
Lease incentives	2,552	14,443
Prepaid expenses and other assets	5,115	3,985
Total assets	\$ 1,514,209	\$ 1,513,620
LIABILITIES		
Bank borrowings	\$ 93,900	\$ 112,000
Senior unsecured notes, net of debt issue costs: 2019—\$812; 2018—\$938	599,488	533,029
Accrued interest	4,983	4,180
Accrued expenses and other liabilities	30,412	31,440
Total liabilities	728,783	680,649
EQUITY		
Stockholders' equity:		
Common stock: \$0.01 par value; 60,000 shares authorized; shares issued and outstanding: 2019—39,752; 2018—39,657	398	397
Capital in excess of par value	867,346	862,712
Cumulative net income	1,293,482	1,255,764
Cumulative distributions	(1,384,283)	(1,293,383)
Total LTC Properties, Inc. stockholders' equity	776,943	825,490
Non-controlling interests	8,483	7,481
Total equity	785,426	832,971
Total liabilities and equity	\$ 1,514,209	\$ 1,513,620



FUNDS FROM OPERATIONS

(UNAUDITED, AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

RECONCILIATION OF FFO AND FAD

	THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	DECEMBER 31,		DECEMBER 31,	
	2019	2018	2019	2018
GAAP net income available to common stockholders	\$ 12,449	\$ 30,645	\$ 80,135	\$ 154,356
Add: Depreciation and amortization	9,817	9,396	39,216	37,555
Add: Impairment charges	5,500	—	5,500	—
Less: Gain on sale of real estate, net	4,630	(7,984)	(2,106)	(70,682)
NAREIT FFO attributable to common stockholders	32,396	32,057	122,745	121,229
Add: Non-recurring items ⁽¹⁾⁽²⁾	(2,111) ⁽¹⁾	(3,074) ⁽²⁾	(1,535) ⁽³⁾	(3,074) ⁽²⁾
FFO attributable to common stockholders excluding non-recurring income	\$ 30,285	\$ 28,983	\$ 121,210	\$ 118,155
NAREIT FFO attributable to common stockholders				
Non-cash income:				
Less: Straight-line rental income	(889)	(921)	(4,487)	(9,550)
Add: Amortization of lease costs	104	441	385	2,092
(Less)/Add: Other non-cash (income)/expense ⁽¹⁾	—	(3,074) ⁽²⁾	1,926 ⁽⁴⁾	(3,074) ⁽²⁾
Less: Effective interest income from mortgage loans	(1,481)	(1,438)	(5,842)	(5,703)
Less: Deferred income from unconsolidated joint ventures	—	(15)	(18)	(108)
Net non-cash income	(2,266)	(5,007)	(8,036)	(16,343)
Non-cash expense:				
Add: Non-cash compensation charges	1,627	1,486	6,565	5,870
Add: Non-cash interest related to earn-out liabilities	—	—	—	377
Less: Capitalized interest	(167)	(398)	(608)	(1,248)
Net non-cash expense	1,460	1,088	5,957	4,999
Funds available for distribution (FAD)	31,590	28,138	120,666	109,885
Less: Non-recurring income ⁽²⁾	(2,111) ⁽¹⁾	—	(3,461) ⁽⁵⁾	—
Funds available for distribution (FAD) excluding non-recurring income	\$ 29,479	\$ 28,138	\$ 117,205	\$ 109,885
NAREIT Diluted FFO attributable to common stockholders per share	\$0.81	\$0.81	\$3.08	\$3.06

(1) Gain from property insurance proceeds related to a property in Texas.

(2) Represents net write-off of earn-out liabilities and the related lease incentives.

(3) Represents (1) above and \$1,350 net of deferred rent repayment from an operator offset by (4) below.

(4) Represents \$1,926 write-off of straight-line rent due to a lease termination and transition of two seniors housing communities to a new operator.

(5) Represents (1) above and \$1,350 net of deferred rent repayment from an operator.



FUNDS FROM OPERATIONS

(UNAUDITED, AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

RECONCILIATION OF FFO PER SHARE

FOR THE THREE MONTHS ENDED DECEMBER 31,	FFO		FAD	
	2019	2018	2019	2018
FFO/FAD attributable to common stockholders	\$ 32,396	\$ 32,057	\$ 31,590	\$ 28,138
Non-recurring one-time items	(2,111) ⁽¹⁾	(3,074) ⁽²⁾	(2,111) ⁽³⁾	—
FFO/FAD attributable to common stockholders excluding non-recurring income	30,285	28,983	29,479	28,138
Effect of dilutive securities:				
Participating securities	93	121	93	121
Diluted FFO/FAD assuming conversion	\$ 30,378	\$ 29,104	\$ 29,572	\$ 28,259
Shares for basic FFO/FAD per share	39,588	39,501	39,588	39,501
Effect of dilutive securities:				
Stock options	3	4	3	4
Performance based stock units (MSU)	184	203	184	203
Participating securities	164	156	164	156
Shares for diluted FFO/FAD per share	39,939	39,864	39,939	39,864

FOR THE TWELVE MONTHS ENDED DECEMBER 31,	FFO		FAD	
	2019	2018	2019	2018
FFO/FAD attributable to common stockholders	\$ 122,745	\$ 121,229	\$ 120,666	\$ 109,885
Non-recurring one-time items	(1,535) ⁽³⁾	(3,074) ⁽²⁾	(3,461) ⁽⁴⁾	—
FFO/FAD attributable to common stockholders excluding non-recurring income	121,210	118,155	117,205	109,885
Effect of dilutive securities:				
Participating securities	391	625	391	625
Diluted FFO/FAD assuming conversion	\$ 121,601	\$ 118,780	\$ 117,596	\$ 110,510
Shares for basic FFO/FAD per share	39,571	39,477	39,571	39,477
Effect of dilutive securities:				
Stock options	4	3	4	3
Performance based stock units (MSU)	184	203	184	203
Participating securities	162	156	162	156
Shares for diluted FFO/FAD per share	39,921	39,839	39,921	39,839

(1) Gain from property insurance proceeds related to a property in Texas.

(2) Represents net write-off of earn-out liabilities and the related lease incentives.

(3) Represents (1) above and \$1,350 net of deferred rent repayment from an operator offset by \$1,926 write-off of straight-line rent due to a lease termination and transition of two seniors housing communities to a new operator.

(4) Represents (1) above and \$1,350 net of deferred rent repayment from an operator.



Assisted Living Communities ("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.

Earnings Before Interest, Tax, Depreciation and Amortization for Real Estate ("EBITDAre"): As defined by the National Association of Real Estate Investment Trusts ("NAREIT"), EBITDAre is calculated as net income (computed in accordance with GAAP) excluding (i) interest expense, (ii) income tax expense, (iii) real estate depreciation and amortization, (iv) impairment write-downs of depreciable real estate, (v) gains or losses on the sale of depreciable real estate, and (vi) adjustments for unconsolidated partnerships and joint ventures.

Funds Available for Distribution ("FAD"): FFO excluding the effects of straight-line rent, amortization of lease costs, effective interest income, deferred income from unconsolidated joint ventures, non-cash compensation charges, capitalized interest and non-cash interest charges.

Funds From Operations ("FFO"): As defined by 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 Communities ("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 and other notes.

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 Communities ("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. MSAs 1 to 31 have a population of 20.3M - 2.1M. MSAs 32 to 100 have a population of 2.1M - 0.6M. MSAs less than 100 have a population of 0.5M - 55K. Cities in a Micro-SA have a population of 216K - 13K. Cities not in a MSA has population of less than 100K.

Mezzanine: In certain circumstances, the Company strategically allocates 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.



Metropolitan 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 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 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.

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/lease transition 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, or issuance of certificate of occupancy for properties acquired in lease-up.

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

