LTC PROPERTIES INC
Form DEF 14A
March 31, 2006

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

LTC Properties, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

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(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 4, 2006

Our 2006 annual meeting of stockholders will be held on Thursday, May 4, 2006 at 10:00 a.m., local time, at The Silverado Resort, 1600 Atlas Peak Road, Napa, California 94558.

(1) To elect a board of six directors for the ensuing year or until the election and qualification of their respective successors;

(2) To vote on the ratification of the appointment of the Company's independent auditors for fiscal 2006;

(3) To transact such other business as may properly come before the meeting.

Only stockholders whose names appear of record on our books at the close of business on **March 22, 2006** are entitled to notice of, and to vote at, such annual meeting or any adjournments of such annual meeting.

All stockholders are cordially invited to attend the meeting in person. However, to assure your representation at the meeting, you are urged to sign and return the enclosed proxy promptly in the postage-paid envelope enclosed for that purpose. Any stockholder attending the meeting may vote in person even if he or she has returned a proxy.

By Order of the Board of Directors

WENDY L. SIMPSON
President, COO, CFO & Treasurer

Westlake Village, California
March 31, 2006

IMPORTANT: Whether or not you plan to attend the meeting, please complete, date and sign the enclosed proxy and mail it promptly in the enclosed stamped envelope.

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LTC PROPERTIES, INC.

PROXY STATEMENT

Solicitation

This proxy statement is furnished to our stockholders in connection with the solicitation of proxies by our Board of Directors for use at our annual meeting of stockholders to be held on Thursday, May 4, 2006, at 10:00 a.m. local time, at The Silverado Resort, 1600 Atlas Peak Road, Napa, California 94558 and at any and all adjournments of our annual meeting. The approximate date on which this proxy statement and the form of proxy solicited on behalf of our Board of Directors will be sent to our stockholders is March 31, 2006.

Voting Rights

On March 22, 2006, the record date for the determination of stockholders entitled to notice of, and to vote at, our annual meeting, we had 23,299,191 shares of common stock outstanding. Each share of common stock is entitled to one vote on all matters properly brought before the annual meeting. The presence, in person or by proxy, of stockholders entitled to cast a majority of all the votes entitled to be cast constitutes a quorum for the transaction of business at the annual meeting.

Voting of Proxies

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board. The Board's recommendations are set forth together with the description of each item in this proxy statement. In summary, the Board recommends a vote:

For election of the nominated slate of directors;

For the ratification of the appointment of Ernst & Young LLP as the Company's independent auditors for fiscal 2006.

Our management and Board of Directors know of no matters to be brought before the annual meeting other than as set forth herein; no stockholder proposals were received by us on or before December 20, 2005, the deadline for inclusion of such proposals in this Proxy Statement. Other business may properly come before the annual meeting, and in that event, the proxy holders will vote as recommended by the Board or, if no recommendation is given, in their own discretion.

Revocability of Proxy

The giving of the enclosed proxy does not preclude the right to vote in person should the stockholder giving the proxy so desire. A proxy may be revoked at any time prior to its exercise by delivering a written statement to our Corporate Secretary that the proxy is revoked, by delivering to us a later-dated proxy executed by the person executing the prior proxy, or by attending the annual meeting and voting in person.

Our principal executive office is located at 31365 Oak Crest Drive, Suite 200, Westlake Village, CA 91361.

CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS

LTC Properties, Inc. (or LTC) is committed to having sound corporate governance principles. Our Code of Business Conduct, Ethics and Corporate Governance and our Corporate Governance Policies are available on our website (*www.ltcproperties.com*). If we amend or waive the Code of Business Conduct, Ethics and Corporate Governance with respect to directors, chief executive officer, principal financial officer or principal accounting officer, we will post the amendment or waiver on our website.

Board Structure and Committee Composition

As of the date of this proxy statement, our Board has six directors and the following three committees: (1) Audit; (2) Compensation; and (3) Nominating and Corporate Governance. On February 22, 2006, Mr. Sam Yellen was elected as the Lead Director. The Charter of the Lead Director is available on our website (*www.ltcproperties.com*). The membership currently and during the last fiscal year and the function of each of the committees are described below. Each of the committees operates under a written charter adopted by the Board. All of the committee charters are available on our website (*www.ltcproperties.com*). During fiscal 2005, the Board held 9 meetings. We had 100% attendance of Board members at all Board meetings in 2005 and at the 2005 Annual Meeting. Our policy is to schedule the Annual Meeting after consulting each Board member regarding their availability to help ensure their ability to attend.

Director	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Andre C. Dimitriadis			
Boyd W. Hendrickson	*	*	
Edmund C. King		*	*
Wendy L. Simpson			
Timothy J. Triche, MD	*		*
Sam Yellen	*	*	*

* Member

Chairman

Audit Committee

The functions of the Audit Committee are described in "*Report of the Audit Committee of the Board of Directors"* on page 20. The charter of the Audit Committee is also available on our website (*www.ltcproperties.com*). The Audit Committee met 8 times during fiscal 2005.

On February 22, 2006, the Board selected the members of the Audit Committee for the current year, as shown above. All members of the Audit Committee are independent within the meaning of the Securities and Exchange Commission's (or SEC) regulations, the listing standards of the New York Stock Exchange (or NYSE) and our Corporate Governance Policies. Mr. King, the current chair of the Committee, is qualified as an audit committee financial expert within the meaning of SEC regulations and the Board has determined that Mr. King has accounting and related financial management expertise within the meaning of the listing standards of the NYSE.

Compensation Committee

The functions of the Compensation Committee are described in the "*Compensation Committee Report"* on page 14. The charter of the Compensation Committee was approved as amended on February 22, 2006 and is attached to this proxy statement as Appendix A. The charter is also available on our website (*www.ltcproperties.com*). In fiscal 2005, the Compensation Committee met 4 times. On February 22, 2006, the Board selected the members of the Compensation Committee for the current year as shown above. All of the members of the Compensation Committee are independent within the meaning of the listing standards of the NYSE and our Corporate Governance Policies.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for (i) identifying, screening and reviewing individuals qualified to serve as directors and recommending to the Board candidates for nomination for election at the annual meeting of stockholders or to fill Board vacancies; (ii) overseeing our policies and procedures for the receipt of stockholder suggestions regarding Board composition and recommendations of candidates for nomination by the Board; (iii) developing, recommending to the Board and overseeing implementation of our Code of Business Conduct, Ethics and Corporate Governance; and (iv) reviewing on a regular basis our overall corporate governance policies and procedures and recommending improvements when necessary. Specifically, the Committee's Key Responsibilities are detailed in Section IV of the Nominating and Corporate Governance Committee Charter which is available on our website (*www.ltcproperties.com*).

The Nominating and Corporate Governance Committee met 2 times in fiscal 2005, and on February 22, 2006, the Board selected the members for the current year, as shown above. All of the members of the Nominating and Corporate Governance Committee are independent within the meaning of the listing standards of the NYSE and our Corporate Governance Policies.

Independent Directors Meetings

Meetings of independent directors are held at regularly scheduled Board meetings throughout the year. The meetings are typically presided over by the Lead Director; however, any non-management director may request and preside over an Independent Director Meeting.

Communications with the Board

Stockholders who wish to contact members of the Board or its committees may send written correspondence to the Lead Independent Director of LTC Properties, Inc. at P.O. Box 1043 Woodland Hills, CA 91365-1043. Stockholders should provide proof of share ownership with their correspondence. It is suggested that stockholders also include contact information.

Director Independence

The provisions of our Corporate Governance Policies regarding Director independence meet the listing standards of the NYSE which are as follows:

> A Director who is, or has been within the last three years, an employee of the Company, or whose immediate family member is, or has been within the last three years an executive officer of the Company may not be deemed independent. Employment as an interim Chairman or Chief Executive Officer will not disqualify a Director from being considered independent following that employment.
>
> A Director who has received, or who has an immediate family member who has received, during any twelve-month period within the last three years, more than $100,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of

deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), may not be deemed independent. Compensation received by a Director for former service as an interim Chairman or Chief Executive Officer and compensation received by an immediate family member for service as a non-executive employee of the Company will not be considered in determining independence under this test.

A Director who is, or whose immediate family member is, a current partner of a firm that is the Company's external auditor; (B) a Director who is a current employee of such a firm; (C) a Director who has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) a Director who was, or whose immediate family member was, within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company's audit within that time may not be deemed independent.

A Director who is, or whose immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers at the time serves or served on that company's compensation committee may not be deemed independent.

A Director who is a current employee or whose immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million or 2% of such other company's consolidated gross revenues, may not be deemed independent.

For purposes of these guidelines, the terms:

"affiliate" means any consolidated subsidiary of the Company and any other Company or entity that controls, is controlled by or is under common control with the Company, as evidenced by the power to elect a majority of the board of directors or comparable governing body of such entity;

"executive officer" means an "officer" within the meaning of Rule 16a-1(f) under the Securities Exchange Act of 1934; and

"immediate family" means spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and anyone (other than employees) sharing a person's home, but excluding any person who is no longer an immediate family member as a result of legal separation or divorce, or death or incapacitation.

Pursuant to our Corporate Governance Policies on Director Independence, the Board undertook its annual review of Director independence in 2005. During this review, the Board considered transactions and relationships between each Director or any member of his or her immediate family and LTC and its subsidiaries and affiliates, including those that would require reporting under *"Certain Relationships and Related Party Transactions"* below. The Board also considered whether there were any transactions or relationships between Directors or any member of their immediate family (or any entity of which a Director or an immediate family member is an executive officer, general partner or significant equity holder) and members of LTC's senior management or their affiliates. The purpose of this review was to determine whether any such relationships or transactions existed that were inconsistent with a determination that the Director is independent.

The Board has affirmatively determined that each of the current directors standing for re-election is independent within the meaning of our director independence standards, which reflect the NYSE director independence standards, except Mr. Dimitriadis and Ms. Simpson. Mr. Dimitriadis and Ms. Simpson are considered inside directors because of their employment as senior executives of LTC.

In determining that each of the other Directors is independent, the Board considered the following relationship, which it determined was immaterial to the Director's independence. The Board considered that LTC purchased Senior Subordinated Notes as discussed in *"Certain Relationships and Related Party Transactions"* below, issued by a company at which one of our Independent Directors is an executive officer. The Senior Subordinated Notes were purchased in a transaction underwritten by third parties. The Board determined that this relationship did not impair the independence of the Director.

Consideration of Director Nominees

The Board is responsible for the selection of candidates for the nomination or appointment of all Board members. The Nominating and Corporate Governance Committee, in consultation with the Chief Executive Officer, recommends candidates for election to our Board and considers recommendations for Board candidates submitted by stockholders using the same criteria it applies to recommendations from Nominating and Corporate Governance Committee members, Directors and members of management. The Nominating and Corporate Governance Committee will also consider whether to nominate any person nominated by a stockholder pursuant to the provisions of our Bylaws relating to stockholder nominations as described in *"Stockholder Proposals,"* below. Stockholders may submit recommendations in writing addressed to the Nominating and Corporate Governance Committee, LTC Properties, Inc., 31365 Oak Crest Drive, Suite 200, Westlake Village, CA 91361.

Once a prospective nominee has been identified, by either the Nominating and Corporate Governance Committee or proposed by the stockholders, the Nominating and Corporate Governance Committee makes an initial determination as to whether to conduct a full evaluation of the prospective candidate. This initial determination would include whatever information is provided with the recommendation of the prospective candidate and the Nominating and Corporate Governance Committee's own knowledge of the prospective candidate. The Nominating and Corporate Governance Committee may make inquiries of the person making the recommendation or of others regarding the qualifications of the prospective candidate. The preliminary determination is based primarily on the need for additional Board members to fill vacancies or expand the size of the Board. The Board's policy is to encourage selection of directors who will contribute to our overall corporate goals and to the discharge of the Board's responsibility to our stockholders. As such, the Board would take into consideration the prospective candidate's ability to represent the interests of our stockholders, the prospective candidate's standards of integrity, commitment and independence of thought and judgment. The Nominating and Corporate Governance Committee may, at the request of the Board from time to time, review the appropriate skills and characteristics required of Board members in the context of the current makeup of the Board. Board members are expected to prepare for, attend and participate in meetings of the Board and of Nominating and Corporate Governance Committees on which they serve; therefore, a prospective candidate must have the ability to dedicate sufficient time, energy and attention to the diligent performance of his or her duties as a Board member.

The Nominating and Corporate Governance Committee also considers such other relevant factors as it deems appropriate, including the current composition of the Board, the balance of management and independent directors, the need for Audit Committee expertise and the evaluations of other prospective nominees. The Nominating and Corporate Governance Committee will conduct interviews with prospective nominees in person or by telephone. After completing the evaluation and interviews, the Nominating and Corporate Governance Committee makes a recommendation to the full Board as to the persons who should be nominated by the Board, and the Board determines the nominees after considering the recommendation and report of the Nominating and Corporate Governance Committee.

Director Compensation

In fiscal 2005, each non-employee director received a fee of $6,250 per quarter and $750 for attendance in person or telephonically at each meeting of the Board of Directors or of any committee

meeting held on a day on which the Board of Directors did not meet. In addition, we reimbursed the directors for travel expenses incurred in connection with their duties as our directors.

Directors participate in our Amended and Restated 1992 Stock Option Plan (or the 1992 Plan), our 1998 Equity Participation Plan (or the 1998 Plan), our 2004 Stock Option Plan and our 2004 Restricted Stock Plan. Both the 1992 Plan and the 1998 Plan permit the Compensation Committee to grant nonqualified stock options or restricted shares to directors from time-to-time. No stock options were granted to non-employee Board members in 2004. The Compensation Committee may grant nonqualified stock options under our 2004 Stock Option Plan or restricted stock under our 2004 Restricted Stock Plan to directors from time to time. Mr. Boyd W. Hendrickson joined our Board on February 1, 2005 and in accordance with the provisions of the 1998 Plan was granted 15,000 nonqualified stock options that vest over three years on each anniversary date. At our February 2, 2005 Board meeting, the Compensation Committee granted 3,000 shares of restricted stock each to Mr. Hendrickson and Dr. Triche and 1,000 shares of restricted stock each to Messrs. King and Yellen. These shares of restricted stock were issued from our 2004 Restricted Stock Plan and vest ratably over three years on the anniversary date of the grant. In addition, at our December 7, 2005 Board meeting, the Compensation Committee granted 1,000 shares of restricted stock from our 2004 Restricted Stock Plan to Mr. Hendrickson, Dr. Triche, Mr. King and Mr. Yellen, each. These shares vest ratably over four years on the anniversary date of the grant.

In previous years, directors were eligible to participate in our Amended Deferred Compensation Plan (or Deferred Plan) whereby we made contributions of up to $10,000 for each non-employee director. This Deferred Plan was frozen in 2002 and no contributions have been made on behalf of any employee or Board member since 2001. All previous contributions made by us to the deferred compensation plan trust were invested in shares of our common stock and as dividends are paid on these shares, additional shares of our common stock are purchased on behalf of the participants in the Deferred Plan. As of December 31, 2005 the Deferred Plan held 12,661, 5,022 and 12,661 shares of our common stock on behalf of Mr. King, Dr. Triche and Mr. Yellen, respectively.

Certain Relationships and Related Party Transactions

In December 2005, we purchased $10,000,000 face value of Skilled Healthcare Group, Inc (or SHG) Senior Subordinated Notes with a face rate of 11%, payable semi-annually in arrears and maturing on January 15, 2014. We paid approximately $9,933,000 in cash resulting in an effective yield of approximately 11.1% We purchased the SHG Senior Secured Notes through an open market transaction underwritten by Credit Suisse and JP Morgan. The prospectus for the SHG Senior Secured Notes includes a provision for an interest rate adjustment if the Senior Secured Notes are not registered within 240 days of issuance. One of our Independent Board members is the chief executive officer of SHG. He abstained from Board discussions contemplating the purchase of the SHG Senior Subordinated Notes and he abstained from the Board vote to approve the purchase of the SHG Senior Subordinated Notes.

New York Stock Exchange Certification

The certification of the Chief Executive Officer and our Annual Written Affirmation required by the New York Stock Exchange Listing Standards, Section 303A.12, relating to our compliance with the New York Stock Exchange Corporate Governance Listing Standards, was submitted to the New York Stock Exchange on June 2, 2005.

PROPOSALS TO BE VOTED ON

PROPOSAL 1
ELECTION OF DIRECTORS

At the annual meeting, six directors will be elected to hold office until the 2007 Annual Meeting of Stockholders and, in each case, until their respective successors have been duly elected and qualified.

Andre C. Dimitriadis Director since 1992 Age 65	Andre C. Dimitriadis founded LTC Properties, Inc. in 1992 and has been our Chairman and Chief Executive Officer since inception. In 2000 Mr. Dimitriadis also assumed the position of President. In October 2005, Ms. Simpson was named to the position of President.
Boyd W. Hendrickson Director since February 2005 Age 61	Mr. Hendrickson is Chief Executive Officer and Chairman and Member of the Board of Skilled Healthcare Group, Inc. Skilled Healthcare is located in Foothill Ranch, California and is a privately held company with subsidiaries that own and operate skilled nursing and assisted living facilities. Previously, Mr. Hendrickson was the Chief Executive Officer of Evergreen Healthcare, LLC from January 2001 through March 2002. In 2000 Mr. Hendrickson founded BH Strategies, a long term health care consulting firm. Mr. Hendrickson is a past Board Member of The American Federation of Hospitals, Beverly Enterprises, PharMerica and Superior Bank.
Edmund C. King Director since 1992 Age 71	Edmund C. King is the principal owner of Trouver Capital Partners, an investment banking firm located in Los Angeles, California and Provo, Utah. Previously, Mr. King was Ernst & Young LLP's Southern California senior health care partner from 1973 through September 30, 1991. Mr. King is Chief Financial Officer and a director of Invisa, Inc.
Wendy L. Simpson Director since 1995 Age 57	Wendy L. Simpson has been a director since 1995, Vice Chairman from April 2000 through October 2005, Chief Financial Officer since July 2000, Treasurer since January 2005 and President and Chief Operating Officer since October 2005.
Timothy J. Triche, MD Director since 2000 Age 61	Timothy J. Triche, M.D. has been the Chairman of the Department of Pathology and Laboratory Medicine at Childrens Hospital Los Angeles since 1988. He has also been a Professor of Pathology and Pediatrics at the University of Southern California Keck School of Medicine in Los Angeles, California since 1988.
Sam Yellen Director since 1992 Age 75	Sam Yellen has been self-employed as a consultant since his retirement in 1990 from KPMG LLP where he was a partner since 1968. Currently, he serves as a member of the Board of Directors of Pacific Premier Bancorp, Inc. and Wedbush Morgan Securities.

Unless authority to vote for the election of directors has been specifically withheld, the persons named in the accompanying proxy intend to vote for the election of the nominees named above to hold office as directors until the 2007 Annual Meeting of Stockholders and until their respective successors have been duly elected and qualified.

If any nominee becomes unavailable to serve as a director for any reason (which event is not anticipated), the shares of common stock represented by the enclosed proxy may (unless such proxy contains instructions to the contrary) be voted for such other person or persons as may be determined by the holders of such proxies.

Required Vote and Recommendations

The six nominees receiving the most votes (providing a quorum is present) will be elected as directors. For purposes of the vote on Proposal 1, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote, although they will count towards the presence of a quorum for Proposal 1. Properly executed and unrevoked proxies will be voted FOR the nominees set forth in Proposal 1 unless contrary instructions or an abstention are indicated in the proxy.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL THE NOMINEES SET FORTH IN PROPOSAL 1.

PROPOSAL 2
RATIFICATION OF INDEPENDENT AUDITORS

The Audit Committee of the Board has appointed Ernst & Young LLP as independent auditors to audit LTC Properties, Inc.'s consolidated financial statements for the year ended December 31, 2006. During 2005, Ernst & Young LLP served as the Company's independent auditors and also provided certain tax and other audit related services. See "*Independent Public Accountants*" on page 19. A representative of Ernst & Young LLP is not expected to be present at the annual meeting.

Required Vote and Recommendation

Ratification of the appointment of Ernst & Young LLP as the Company's independent auditors for the year ending December 31, 2006, requires the affirmative vote of a majority of all the votes cast at a meeting at which a quorum is present. For purposes of the vote on Proposal 2, abstentions and broker non-votes will not be counted as votes cast and this will have no effect on the result of the vote although they will count towards the presence of a quorum for Proposal 2. Properly executed, unrevoked proxies will be voted FOR Proposal 2 unless a vote against Proposal 2 or abstention is specifically indicated in the proxy.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS LTC PROPERTIES, INC.'S INDEPENDENT AUDITORS FOR THE YEAR ENDING DECEMBER 31, 2006

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

This table shows information as of February 28, 2006 with respect to the beneficial ownership of our common stock by (1) each person who is known by us to own beneficially more than 5% of our common shares based on copies received by us of the most recent Schedule 13D or 13G filings with the Securities and Exchange Commission pursuant to rules and regulations promulgated under the Securities Exchange Act of 1934, as amended (2) each director, (3) each executive officer and (4) the directors and executive officers as a group.

Name and Address of Beneficial Owner	Title of Class	Amount and Nature of Beneficial Ownership	(1)	Percent of Outstanding Shares in Class(2)
National Health Investors, Inc. 100 Vine Street Suite 1200 Murfreesboro, TN 37130	Common Stock	2,774,800	(3)	10.7%
Idanta Partners LTD. 9255 Towne Centre Drive Suite 925 San Diego, CA 92121	Common Stock	1,936,500	(4)	8.3%
Barclays Global Investors, NA 45 Fremont Street San Francisco, CA 94105	Common Stock	1,491,704	(5)	6.4%
Andre C. Dimitriadis	Common Stock	958,120		4.1%
Wendy L. Simpson	Common Stock	287,312	(6)(7)(8)	1.2%
Boyd W. Hendrickson	Common Stock	14,550	(6)(9)	*
Edmund C. King	Common Stock	66,457	(6)(7)(10)	*
Timothy J. Triche, M.D.	Common Stock	46,076	(6)(7)	*
Sam Yellen	Common Stock	47,398	(6)(7)	*
All directors and executive officers as a group (6 persons)	Common Stock	1,419,913	(6)(7)(8) (9)(10)	6.1%

* Less than 1%

(1) Except as otherwise noted below, all shares are owned beneficially by the individual or entity listed with sole voting and/or investment power.

(2) For purposes of computing the percentages, the number of shares outstanding includes shares purchasable by such individual or entity within 60 days after February 28, 2006, upon exercise of vested options as follows: Ms. Simpson-4,000; Mr. Hendrickson-5,000; Mr. King-15,000; Dr. Triche-12,000 and Mr. Yellen-15,000.

(3) Based upon information contained in a Schedule 13G filed by National Health Investors, Inc. (or NHI), NHI directly owns 774,800 shares and had sole voting and dispositive power over these shares. Additionally, NHI owns the Company's Series C Cumulative Convertible Preferred Stock, which has an option to convert at a price of $19.25 per share into 2,000,000 shares of common

stock. For the purpose of computing this percentage, the number of shares subject to conversion is deemed to be outstanding only for the calculation of NHI's percent of class calculation.

(4)

Based upon information contained in a Schedule 13G provided to us, Idanta Partners LTD, (or IPL) owned beneficially 869,550 shares and had sole voting and sole dispositive power over these shares. Per the Schedule 13G, the Dunn Family Trust (or DFT) directly owned 848,350 shares with the sole power to vote or direct voting and the sole power to dispose of or direct disposition of these shares. Because of DFT's position as general partner of IPL, DFT is deemed to be beneficial owner of the combined IPL and DFT owned shares. The Trustee of DFT owns 50,000 shares jointly with his spouse. Additionally, the Trustee of DFT is also a limited partner in the Steven Dunn Family Partners Limited Partnership, which owns 68,600 shares and is a trustee of and participant in the Idanta Partners Ltd. Retirement Plan, which owns 100,000 shares. The Trustee may be deemed to share the power to vote or direct the vote and to dispose or to direct the disposition of these 50,000 shares, 68,600 shares and 100,000 shares.

(5)

Based upon information contained in a Schedule 13G provided to us, Barclays Global Investors, NA and Barclays Global Fund Advisors together owned beneficially 1,491,704 shares and had sole disposition power over these shares.

(6)

Includes 4,000, 5,000, 15,000, 12,000 and 15,000 shares that may be purchased upon the exercise of options by Ms. Simpson and Messrs. Hendrickson, King, Triche and Yellen, respectively.

(7)

Includes 22,967, 12,798, 5,076 and 12,798 shares held in the deferred compensation trust for Ms. Simpson, Messrs. King, Triche and Yellen, respectively.

(8)

Includes 5,315 shares of common stock held by spouse in an individual retirement account.

(9)

Includes 550 shares of common stock held in an individual retirement account.

(10)

Includes 1,685 shares of common stock held by spouse in an individual retirement account.

EXECUTIVE COMPENSATION

This table shows the compensation paid for the last three fiscal years to the Chief Executive Officer and the other four most highly paid officers in 2005.

				Long-term compensation			
		Annual Compensation		Awards		Payouts	
Name & Principal Position	Year	Salary	Bonus	Restricted Stock Awards(1)	Number of Stock Options Granted	LTIP Payouts(2)	All Other Compensation
Andre C. Dimitriadis	2005	$ 400,000	$ 443,000	$ 650,700		$ 257,343	$ 16,631(3)
Chairman and Chief Executive	2004	400,000	300,000				
Officer	2003	400,000	400,000			88,861	
Wendy L. Simpson	2005	308,333	300,000	650,700		36,627	
President, Chief Operating	2004	300,000	225,000				
Officer Chief Financial Officer & Treasurer	2003	300,000	210,000			12,622	
Pamela Shelley-Kessler	2005	160,000	115,000	43,380			4,800(4)
Vice President, Controller &	2004	155,000	96,000	51,660			4,650(4)
Secretary	2003	150,000	90,000				4,500(4)
Clint B. Malin	2005	150,000	110,000	43,380			4,500(4)
Vice President & Chief	2004	92,115	75,000	45,390	30,000		2,763(4)
Investment Officer	2003						
Peter G. Lyew	2005	128,000	95,000	43,380			3,840(4)
Vice President & Director of	2004	128,000	64,000	51,660			3,740(4)
Taxes	2003	120,000	60,000				3,600(4)

(1) The value shown is the number of restricted units times the closing price of LTC's common stock on the NYSE on the date the shares were granted. Restricted stock holdings as of December 31, 2005 and their fair market value based on the closing price of LTC's common stock of $21.03 on December 30, 2005 were as follows:

Name	Number of unvested Restricted Shares	Value on December 31, 2005
Andre C. Dimitriadis	94,920	$ 1,966,168
Peter G. Lyew	4,000	84,120
Clint B. Malin	4,000	84,120
Pamela Shelley-Kessler	4,000	84,120
Wendy L. Simpson	39,240	825,217

Dividends are payable on the restricted shares to the extent and on the same date as dividends are paid on our common stock. 64,920 and 9,240 restricted shares held by Mr. Dimitriadis and Ms. Simpson, respectively, at December 31, 2005, relate to an award that was modified in October 2005. The closing price of LTC's stock on the date the award was modified was $19.68. The award modification changed the vesting of the remaining unvested restricted shares to ratably over four years. 30,000 restricted shares each held by Mr. Dimitriadis and Ms. Simpson, at December 31, 2005, were granted in 2005 and vest ratably over four years on the anniversary date of the grant. The closing price of LTC's stock on the date the shares were granted was $21.69. Of the 4,000 restricted shares held

by Mr. Lyew at December 31, 2005, 2,000 shares were granted in 2005 and 2,000 shares were granted in 2004. The closing price of LTC's stock on the date the shares were granted was $21.69 and $17.22, respectively. Shares granted in 2005 vest ratably over four years on the anniversary date of the grant. Shares granted in 2004 vest ratably over three years on the anniversary date of the grant. Of the 4,000 restricted shares held by Mr. Malin at December 31, 2005, 2,000 were granted in 2005 and 2,000 were granted in 2004. The closing price of LTC's stock on the date the shares were granted was $21.69 and $15.13, respectively. Shares granted in 2005 vest ratably over

four years on the anniversary date of the grant. Shares granted in 2004 vest ratably over three years on the anniversary date of the grant. Of the 4,000 restricted shares held by Ms. Shelley-Kessler at December 31, 2005, 2,000 shares were granted in 2005 and 2,000 shares were granted in 2004. The closing price of LTC's stock on the date the shares were granted was $21.69 and $17.22, respectively. Shares granted in 2005 vest ratably over four years on the anniversary date of the grant. Shares granted in 2004 vest ratably over three years on the anniversary date of the grant.

(2)

Long Term Incentive Plan payouts represent 12,984 and 1,848 shares of restricted stock held by Mr. Dimitriadis and Ms. Simpson, respectively, that vested in January 2005. The closing price of LTC's stock on the date the shares vested was $19.82. The vesting for these shares was predicated on the Company reaching certain financial targets for the year ended December 31, 2004. In October 2005, the original award was modified to change the vesting for the remaining 64,920 unvested restricted shares held by Mr. Dimitriadis and 9,240 unvested restricted shares held by Ms. Simpson to ratably over four years in January. The closing price of LTC's stock on the date the award was modified was $19.68.

(3)

Represents amounts paid on behalf of Mr. Dimitriadis in connection with his filing of an S-3 to sell shares of LTC common stock that he personally owns. Costs paid on his behalf include legal, accounting and printing fees.

(4)

Represents the Company's match up to 3% of the individual's salary under the Company's 401(k) savings plan.

Employment Agreements

On March 26, 1999, we entered into an employment agreement with Mr. Dimitriadis. The employment agreement dated March 26, 1999 amends and restates an employment agreement dated June 30, 1998 between LTC and Mr. Dimitriadis. The March 26, 1999 employment agreement was amended effective June 30, 2000. Mr. Dimitriadis, as Chairman and Chief Executive Officer, has been provided with a four-year "ever-green" employment contract. Mr. Dimitriadis' current annual base salary is $400,000.

On April 10, 2000, we entered into an employment agreement with Ms. Simpson. This agreement was amended effective June 30, 2000. On March 9, 2004, we entered into a new employment agreement with Ms. Simpson. This new agreement provides Ms. Simpson as President, Chief Operating Officer, Chief Financial Officer and Treasurer with a two-year "ever-green" employment contract and otherwise, has identical terms and conditions as the previous amended agreement except for severance payments that would result from a change of control as disclosed below. Ms. Simpson's current base salary is $350,000.

On August 9, 2004, we entered into an employment agreement with Ms. Shelley-Kessler. Ms. Shelley-Kessler, as Vice President, Controller and Secretary, has been provided with a one-year "ever-green" employment contract.

On August 9, 2004, we entered into an employment agreement with Mr. Malin. Mr. Malin, as Vice President and Chief Investment Officer, has been provided with a one-year "ever-green" employment contract.

On August 9, 2004, we entered into an employment agreement with Mr. Lyew. Mr. Lyew as Vice President and Director of Taxes, has been provided with a one year "ever-green" employment contract.

The employment agreements provide that the base salaries may be increased at the discretion of our Board of Directors. Any increase in base salary will automatically amend each executive's respective employment agreement to provide that thereafter the executive's annual base salary will not be less than the increased base salary approved by our Board of Directors.

If the officer's employment is terminated for any reason, except for a termination for cause or a voluntary resignation without a good reason or a change in control of our company, then we will pay

the officer a lump sum severance payment equal to four times base salary for Mr. Dimitriadis, two times base salary for Ms. Simpson and one times base salary for Ms. Shelley-Kessler, Mr. Malin and Mr. Lyew. Upon a change in control of our company whether or not the officer's employment is terminated, we will pay the officer a severance payment in cash equal to $5,000,000 for Mr. Dimitriadis, $1,000,000 for Ms. Simpson and one times base salary for Ms. Shelley-Kessler, Mr. Malin and Mr. Lyew. Prior to the new employment agreement entered into with Ms. Simpson on March 9, 2004, she would have received a severance payment upon a change of control, equal to two times her base salary. In addition, if any payment or benefit received by an officer from us subjects the officer to excise taxes under the "golden parachute" rules on payments and benefits, the officer will be entitled to receive an additional amount (a "gross-up payment" to make the officer whole for these excise taxes (and for all taxes on the gross-up payment). Notwithstanding the foregoing, we will have no liability if an officer's employment is terminated for cause or by voluntary resignation without a good reason. During the term of his employment by us, each officer will devote the time necessary to provide the services reasonably required by our Board of Directors and will not, without the express approval of our Board of Directors, engage for his own account or for the account of any other person or entity, in a business which competes with us.

Benefits

We provide our executive officers with employee benefits. Except for the supplemental medical insurance discussed below, the employee benefits programs in which our executive officers participate (which provide benefits such as medical, dental and vision benefits coverage, life insurance protection, and 401(k) savings plan) are generally the same programs offered to all of our full-time employees. Our officers at the level of vice president and above are eligible to participate in a supplemental medical insurance program which provides participants with reimbursements for eligible out-of-pocket medical expenses such as primary insurance co-payments, deductibles, and certain elective medical procedures not covered by the employee's primary insurance policy. During 2005, Messrs. Dimitriadis, Lyew and Malin and Mses. Simpson and Shelley-Kessler were reimbursed $2,215; $474; $1,540; $962; and $1,297, respectively, from our supplemental medical insurance plan.

OPTION GRANTS DURING FISCAL YEAR ENDED DECEMBER 31, 2005

No stock options were granted during the period ended December 31, 2005 to any of our executive officers.

AGGREGATE OPTION EXERCISES IN 2005 AND OPTION VALUES AT DECEMBER 31, 2005

During 2005, 68,600 options were exercised by our named executive officers. This table shows the number of stock options exercised by each of our named executive officers in 2005 and the number and value of their unexercised options at December 31, 2005.

Name	Shares Acquired on Exercise	Value Realized(1)	Securities Underlying Unexercised Options at December 31, 2005		Value of Unexercised In-The-Money Options at December 31, 2005(2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Andre C. Dimitriadis	20,000	$ 280,500			$	$
Peter G. Lyew	5,800	78,056	1,800	1,800	28,548	28,548
Clint B. Malin	10,000	72,600		20,000		118,000
Pamela Shelley-Kessler	8,800	116,598	16,800	1,800	251,185	28,548
Wendy L. Simpson	24,000	328,643		8,000		107,200

(1) The value realized is based on the difference between the market price of the shares issued on the exercise date and the exercise price times the number of shares covered by the exercise option.

(2) The value of unexercised options is based on the difference between the exercise price and the closing market price of LTC common stock on the NYSE on December 30, 2005, which was $21.03.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

There are no "interlocks" (as defined by the rules of the Securities and Exchange Commission) with respect to any member of the Compensation Committee of the Board of Directors, and this Committee consists entirely of independent, non-employee directors.

COMPENSATION COMMITTEE REPORT

The Compensation Committee Report shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such Acts.

During 2005, the Compensation Committee comprised Mr. King, Chair, Mr. Hendrickson, Dr. Triche and Mr. Yellen each of whom is a "non-employee director" within the meaning of Rule 16b-3 issued by the SEC and an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code, as amended. Each appointed Committee member will be subject to annual reconfirmation and may be removed by the Board at any time. The Compensation Committee reviews and approves the compensation of our executive officers and determines our general compensation policy. The Compensation Committee is also responsible for the administration of our 1992 Plan, 1998 Plan, 2004 Stock Option Plan, and 2004 Restricted Stock Plan. The Compensation Committee is authorized to determine the options and restricted stock awards to be granted under such plans and the terms and provisions of such options and restricted stock awards. We have two executive officers, one of which is our Chief Executive Officer.

Compensation Philosophy

The Compensation Committee endeavors to ensure that the compensation programs for our executive officers are effective in attracting and retaining key executives responsible for our company's success and are administered in appropriate fashion in the long-term interests of our company and our stockholders. The Compensation Committee seeks to align total compensation for executive management with our overall performance as well as the individual performance of each executive officer. Our compensation package, which currently is comprised of base salary, bonuses, stock options and restricted stock, is intended to reinforce management's commitment to enhancing profitability and stockholder value.

The policies of the Compensation Committee may be summarized as follows:

(1) LTC's compensation programs are designed to attract, motivate and retain qualified key executives;

(2) An executive's salary, bonuses and incentive compensation and other benefit programs should reflect both the Company's performance as a whole and the executive's individual performance and effort;

(3) LTC's compensation programs should enable the executive to have a financial interest in the Company that parallels the financial interests of the Company's stockholders.

In determining the level and composition of compensation for the executive officers, the Compensation Committee considers various corporate performance measures, both in absolute terms and in relation to similar companies, and individual performance measures. Although the Compensation Committee considers funds from operations per share as an important measure of our performance, the Compensation Committee does not apply any specific quantitative formula in making

compensation decisions. The Compensation Committee also may evaluate the following factors in establishing executive compensation: (a) periodically, the comparative compensation surveys and other material concerning compensation levels and stock grants at similar companies; (b) our historical compensation levels and stock awards; (c) overall competitive environment for executives and the level of compensation necessary to attract and retain executive talent; (d) financial performance of other real estate investment trusts and its peer group relative to market condition; and (e) from time to time, the Compensation Committee may seek the advice of an independent compensation consultant in assessing its overall compensation philosophy. The Compensation Committee assigns no specific weight to any of the factors discussed above in establishing executive compensation.

Base Salaries

Base salaries are reviewed and adjusted by the Compensation Committee on an annual basis. The Compensation Committee seeks to ensure that the base salaries are established at levels considered appropriate in light of responsibilities and duties of the executive officers as well as at levels competitive to amounts paid to executive officers of its peer group. In determining an individual executive's actual base salary, the Compensation Committee also considers other factors, which may include the executive's past performance and contributions to our success. Base annual compensation for Mr. Dimitriadis in 2005 and as of January 1, 2006 was $400,000. Base annual compensation for Ms. Simpson was $300,000 through October 31, 2005 and $350,000 thereafter and for 2006.

Compensation of the Company's Chief Executive Officer

Mr. Dimitriadis is compensated pursuant to an employment agreement entered into on June 30, 1998 and amended March 26, 1999 and June 30, 2000. The agreement is described under "Employment Agreements" on page 12, and extends every March 26th for four years, subject to earlier termination under certain circumstances. Mr. Dimitriadis' employment agreement provides for an annual base salary of $400,000; bonuses, if any, are determined by the Compensation Committee.

Bonuses

Bonuses are awarded based on our overall performance and individual performance of each executive officer. The amounts awarded may vary from year to year and may be awarded to executive officers in other forms such as stock awards in lieu of cash payments.

The Compensation Committee recommended that bonuses be paid to executives in part as recognition of their efforts that resulted in the realization of the value of a $21.6 million note receivable that was paid in full during 2005. Bonuses were awarded to Mr. Dimitriadis and Ms. Simpson in the amounts of $443,000 and $300,000, respectively for fiscal 2005.

Stock Option Plans

Securities authorized for issuance under equity compensation plans as of December 31, 2005 are as follows:

Equity Compensation Plan Information

	(a)	(b)	(c)
Plan Category	**Number of securities to be issued upon exercise of outstanding options warrants and rights**	**Weighted-average exercise price of outstanding options, warrants and rights**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))**
Equity compensation plans approved by security holders	110,200	$ 9.26	577,850
Equity compensation plans not approved by security holders			
Total	110,200	$ 9.26	577,850

We have adopted the Restated 1992 Stock Option Plan (or 1992 Plan), the 1998 Equity Participation Plan (or 1998 Plan), the 2004 Stock Option Plan and the 2004 Restricted Stock Plan under which awards may be granted including stock options (incentive or non-qualified), stock appreciation rights, restricted stock, deferred stock and dividend equivalents. We reserved 1,400,000 shares of common stock for issuance under the 1992 Plan, 500,000 shares for issuance under the 1998 Plan, 500,000 shares for issuance under the 2004 Stock Option Plan and 100,000 shares for issuance under the 2004 Restricted Stock Plan. All plans are administered by the Compensation Committee which sets the terms and provisions of the awards granted under the plans. Incentive stock options, stock appreciation rights, restricted stock, deferred stock and dividend equivalents may only be awarded to officers and other full-time employees to promote our long-term performance and specifically, to retain and motivate senior management to achieve a sustained increase in stockholder value. Non-qualified stock options, stock appreciation rights, restricted stock, deferred stock and dividend equivalents may be awarded to non-employee directors, officers, other employees, consultants and other key persons who provide services to us. The Compensation Committee reviews and evaluates the overall compensation package of the executive officers and determines the awards based on our overall performance and the individual performance of the executive officers.

No stock options were granted to named executive officers in fiscal 2005. At our December 7, 2005 Board meeting, the Compensation Committee granted 30,000 shares of restricted stock from our 2004 Restricted Stock Plan, each, to Mr. Dimitriadis and Ms. Simpson. These shares vest ratably over four years on the anniversary date of the grant.

401(k) Savings Plan

In January 2002 we implemented a 401(k) Savings Plan which is a defined contribution plan covering all of our employees. Each year participants may contribute up to 15% of pre-tax annual compensation. In 2005 the contributions may not exceed $14,000, or $18,000 if the employee is 50 years or older. Our company will match up to 3% of salaries for our three vice presidents and contribute 3% of the individual's salary for staff that open an account. We will not contribute any amount, nor match contributions for our two named executive officers.

Benefits

With limited exceptions, the Committee's policy is to provide benefits to executive officers that are substantially the same as those offered to other officers of the Company at or above the level of vice president.

Policy with Respect to Section 162(m)

Section 162(m) of the Code denies deduction for Federal income tax purposes for certain compensation in excess of $1,000,000 paid to certain executive officers, unless certain performance, disclosure, stockholder approval and other requirements are met. The Compensation Committee will continue to review the effects of its compensation programs with regard to Code Section 162(m). A substantial portion of the compensation program will be exempted from the $1,000,000 deduction limitation. The Company will continue to evaluate alternatives to ensure executive compensation is reasonable, performance-based, and consistent with the Company's overall compensation objectives. The Compensation Committee reserves the right to design programs that recognize a full range of performance criteria important to the Company's success, even where the compensation paid under such programs may not be deductible.

Interpretations of and changes in the tax laws and other factors beyond the Compensation Committee's control may affect the deductibility of certain compensation payments. The Compensation Committee will consider various alternatives to preserve the deductibility of compensation payments and benefits to the extent reasonably practicable and to the extent consistent with its other compensation objectives.

Compensation Committee

Timothy J. Triche, M.D., Chair
Boyd W. Hendrickson, Edmund C. King and
Sam Yellen

COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities to file with the Securities and Exchange Commission and the New York Stock Exchange initial reports of ownership and reports of changes in ownership of common stock and other equity securities of our company. Officers, directors and greater than ten percent stockholders are required by Securities and Exchange Commission regulations to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely on review of the copies of such reports furnished to us and written representations that no other reports were required, during the fiscal year ended December 31, 2005, all directors, executive officers and persons who beneficially own more than 10% of our common stock have complied with the reporting requirements of Section 16(a) except that Mr. King was delinquent in filing a Form 4 representing one transaction. The form was subsequently filed. Securities and Exchange Commission rules require us to disclose all known delinquent Section 16(a) filings by our officers, directors and ten percent stockholders.

STOCK PERFORMANCE GRAPH

This graph compares the cumulative total stockholder return on our common stock from December 31, 2000 to December 31, 2005 with the cumulative stockholder total return of (1) the Standard & Poor's 500 Stock Index and (2) the NAREIT Hybrid REIT Index. The comparison assumes $100 was invested on December 31, 2000 in our common stock and in each of the foregoing indices and assumes the reinvestment of dividends.

Total Return Stock Performance

	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05
LTC Properties	100.00	178.23	198.96	464.31	658.19	753.19
NAREIT Hybrid	100.00	150.75	185.87	290.32	359.70	320.76
S&P 500	100.00	88.11	68.64	88.33	97.94	102.75

The following companies comprise the NAREIT Hybrid REIT Index: Presidential Realty Corporation (Class B), iStar Financial Inc., Capital Lease Funding Inc., BRT Realty Trust, Arizona Land Income Corporation, PMC Commercial Trust, National Health Investors Inc., and LTC Properties Inc.

The stock performance depicted in the above graph is not necessarily indicative of future performance. The stock performance graph and compensation committee report shall not be deemed incorporated by reference into any filing by us under the Securities Act of 1933 or the Securities Exchange Act of 1934 except to the extent that we specifically incorporate such information by reference, and shall not otherwise be deemed filed under such Acts.

INDEPENDENT PUBLIC ACCOUNTANTS

Ernst & Young LLP audited our financial statements for the years ended December 31, 2005 and 2004 and have been our auditors since our organization in May 1992. Fees for the years ended December 31, 2005 and 2004 were:

	2005	2004
Audit Fees	$ 344,500	$ 348,500
Audit-Related Fees	31,265	53,272
Tax Fees	68,975	55,013
All Other Fees	0	0

Audit Fees

For 2005, these fees represent aggregate fees for professional services rendered for the audit of the Company's annual financial statements and internal control over financial reporting and the review of the financial statements included in the Company's Quarterly Reports on Form 10-Q. For 2004, these fees represent aggregate fees for professional services rendered for the audit of the Company's annual financial statements and the review of the financial statements included in the Company's Quarterly Reports on Form 10-Q.

Audit-Related Fees

These fees represent aggregate fees billed for assurance and related services regarding the Company's Registration Statements filed in 2005 and 2004 and consulting on various technical issues in 2004. These services are reasonably related to the performance of the audit of the Company's annual financial statements for fiscal 2005 and 2004.

Tax Fees

These fees represent aggregate fees billed for services rendered for tax compliance and consultation, including REIT qualification matters during fiscal 2005 and 2004.

All audit, audit related and tax services were pre-approved by the Audit Committee. On an annual basis the Audit Committee pre-approves specifically described audit, audit-related and tax services to be performed by Ernst & Young LLP. The Audit Committee has delegated to the Chair of the Audit Committee the authority to pre-approve non-audit services to be performed by Ernst & Young LLP, provided that the Chair shall report any decision to pre-approve such non-audit services to the full Audit Committee at its next regular meeting.

In accordance with Section III, Item 6 of the Audit Committee Charter, the Audit Committee reviewed the effectiveness of Ernst & Young LLP's audit effort, including approval of the scope of, and fees charged in connection with, the annual audit, quarterly reviews and any non-audit services provided. The Audit Committee concluded that the provision of the non-audit services by Ernst & Young LLP was compatible with the maintenance of that firm's independence in the conduct of its auditing functions.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee Report shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such Acts.

The Audit Committee of the Board of Directors comprises three independent directors as determined by the Board within the meaning of the New York Stock Exchange listing standards and operates under a written charter adopted by the Board.

The Audit Committee has direct oversight of all compliance matters having to do with financial matters, Securities and Exchange Commission reporting and auditing. Additionally, it is the Audit Committee's duty to review annually the Audit Committee Charter and the Company's Code of Business Conduct, Ethics and Corporate Governance for adequacy and recommend any changes to the Board.

The Audit Committee is appointed by the Board to assist the Board in its oversight function by monitoring, among other things, the integrity of the Company's financial statements, the Company's financial reporting process and the independence and performance of the independent auditors. It is the responsibility of executive management of the Company to prepare financial statements in accordance with generally accepted accounting principles and of the Company's independent auditors to audit those financial statements. The Audit Committee has the sole authority and responsibility to select, appoint, evaluate, compensate and retain, approve significant non-audit services, confirm the independence of the independent public accountants and, where appropriate, replace the independent auditors. Additionally, the Audit Committee determines the extent of funding that the Company must provide to it.

In this context, the Audit Committee has met and held discussions with management and the independent auditors. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Audit Committee has reviewed and discussed the audited consolidated financial statements with management and the independent auditors. The Audit Committee discussed with the independent auditors matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as amended.

In addition, the Audit Committee has received the written disclosures and the letter required by the Independence Standards Board Standard No. 1 (Independence Discussions With Audit Committees), as amended, from the independent auditors and has discussed with the independent auditors the independent auditor's independence from the Company and its management. Further, the Audit Committee has considered whether the non-audit services provided by the independent auditors are compatible with maintaining the auditor's independence.

Further, the Audit Committee periodically meets with the independent auditors, without management present, to discuss the results of their examinations, the evaluations of the Company's internal controls and the overall quality of the Company's financial reporting.

During the past year, the Audit Committee met with the independent auditors eight times in total and without management present four times.

Based on the reviews and discussions referred to above, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and set forth in the Charter, the Audit

Committee recommended to the Board that the audited financial statements be included in the Company's 2005 Form 10-K for filing with the Securities and Exchange Commission.

Audit Committee

Edmund C. King, Chair
Boyd W. Hendrickson, Timothy J. Triche, M.D. and
Sam Yellen

STOCKHOLDER PROPOSALS

Stockholder proposals intended to be presented at the 2007 Annual Meeting must be received by the Company for inclusion in its proxy statement by December 1, 2006. To assure that a stockholder's proposal is included in the proxy statement, it will be necessary for the stockholder to comply with the regulations of the SEC governing inclusion of such proposals. Stockholder proposals received after December 1, 2006 will be considered untimely.

Stockholders may directly nominate persons for director only by complying with the procedure set forth in the Company's Bylaws. The Bylaws require that the stockholder submit the names of such persons in writing to the Secretary of the Company not less than 60 days nor more than 150 days prior to the first anniversary of the date of the preceding year's annual meeting. The nominations must set forth (i) as to each person whom the stockholder proposes to nominate for election or reelection as a director and as to the stockholder giving the notice (a) the name, age, business address and residence address of such person, (b) the principal occupation or employment of such person, (c) the class and number of shares of the Company's capital stock which are beneficially owned by such person on the date of such stockholder notice, (d) such nominee's consent to serve as a director if elected and (ii) as to the stockholder giving the notice (a) the name and address, as they appear on the Company's books, of such stockholder to be supporting such nominees and (b) the class and number of shares of the Company's capital stock which are beneficially owned by such stockholder on the date of such stockholder notice and by any other stockholders known by such stockholder to be supporting such nominees on the date of such stockholder notice.

Matters may be brought before the meeting by stockholders only if notice is delivered to the principal executive offices of the Company not less than 60 days nor more than 150 days prior to the anniversary of the last annual meeting of stockholders. Each such stockholder notice shall set forth (i) as to each matter the stockholder proposes to bring before the annual meeting, (a) a brief description of the matter desired to be brought before the annual meeting and the reasons for bringing such matter before the annual meeting and (b) any material interest of the stockholder in such matter; and (ii) as to the stockholder giving the notice (a) the name and address, as they appear on the Company's books, of such stockholder and any other stockholders known by such stockholder to be supporting the bringing of such matter before the annual meeting as of the date of such stockholder notice and (b) the class and number of shares of the Company's capital stock which are beneficially owned by such stockholder on the date of such stockholder notice and by any other stockholder known by such stockholder to be supporting the bringing of such matter before the annual meeting as of the date of such stockholder notice.

OTHER MATTERS

The cost of the solicitation of proxies will be borne by us. In addition to solicitation by mail, our directors and officers, without receiving any additional compensation, may solicit proxies personally, by telephone, by facsimile or electronically. We will request brokerage houses, banks, and other custodians or nominees holding stock in their names for others to forward proxy materials to their customers or

principals who are the beneficial owners of common shares and will reimburse them for their expenses in doing so. We have retained the services of Georgeson Shareholder, Inc. for a fee of $7,000 plus out-of-pocket expenses, to assist in the solicitation of proxies.

WE WILL PROVIDE WITHOUT CHARGE TO ANY PERSON SOLICITED HEREBY, UPON THE WRITTEN REQUEST OF ANY SUCH PERSON, A COPY OF OUR ANNUAL REPORT AND/OR OUR FORM 10-K (WITHOUT APPENDICES) FOR THE YEAR ENDED DECEMBER 31, 2005 FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. SUCH REQUESTS SHOULD BE DIRECTED TO OUR CORPORATE SECRETARY, AT 31365 OAK CREST DRIVE, SUITE 200, WESTLAKE VILLAGE, CA 91361

ALL STOCKHOLDERS ARE URGED TO COMPLETE, SIGN AND RETURN THE ACCOMPANYING PROXY CARD IN THE ENCLOSED ENVELOPE.

Appendix A

LTC PROPERTIES, INC.
COMPENSATION COMMITTEE CHARTER

I. PURPOSE

The Compensation Committee's (the "Committee") basic responsibility is to review the performance and development of Company management in achieving corporate goals and objectives and to assure that senior executives of the Company are compensated effectively in a manner consistent with the strategy of the Company, competitive practice, and the requirements of the appropriate regulatory bodies. Toward that end, the Committee will oversee, review and administer all compensation, equity and employee benefit plans and programs.

II. COMPOSITION OF THE COMPENSATION COMMITTEE

The Committee will consist of not less than 3 independent directors, each of whom will be a "non-employee director" within the meaning of Rule 6(b)3 issued by the Securities and Exchange Commission ("SEC") an "independent director" within the requirements of section 303A.02 of the New York Stock Exchange rules and an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code, as amended. Each appointed Committee member will be subject to annual reconfirmation and may be removed by the Board of Directors (the "Board") at any time.

III. RESPONSIBILITIES AND DUTIES

In carrying out its purpose, the Committee will have the following responsibilities and duties:

1. Review annually and approve the Company's compensation strategy to ensure that employees of the Company are rewarded appropriately for their contributions to the company's performance.

2. Review annually and approve corporate goals and objectives relevant to executive compensation and evaluate performance in light of those goals.

3. Review annually and determine the individual elements of total compensation for the Chief Executive Officer and all other corporate officers, and communicate in the annual Board Compensation Committee Report to shareholders the factors and criteria on which the Chief Executive Officer and all other corporate officers' compensation for the last year was based.

4. Review and approve all special perquisites, special cash payments and other special compensation and benefit arrangements for the Company's executive officers considering all relevant factors, including the Company's performance and relative stockholder return, the added value to the Company of non-operating based transactions and the value of similar awards given in past years.

5. Review and approve compensation for non-employee members of the Board of Directors, including but not limited to the following elements: retainer, meeting fees, committee fees, committee chair fees, equity or stock compensation, benefits and perquisites.

6. With sole and exclusive authority, approve stock option grants and other discretionary awards under the Company's stock option or other equity incentive plans to all persons who are Board members or executive officers within the meaning of Rule 16(b)3 issued by the SEC.

7. Grant stock options and other discretionary awards under the Company's stock option or other equity incentive plans to all other eligible individuals in the Company's service. The Committee may delegate to one or more officers designated by the Committee the authority to make grants to eligible individuals (other than any such officer) who are not executive

officers, provided that the Committee shall have fixed the price (or a formula for determining the price) and the vesting schedule for such grants, approve the form of documentation evidencing such grants, and determined the appropriate number of shares or the basis for determining such number of shares by position, compensation level or category of personnel. Any officer(s) to whom such authority is delegated shall regularly report to the Committee the grants so made. Any such delegation may be revoked at any time by the Committee.

8. Amend the provisions of the Company's stock option or other equity incentive plans, to the extent authorized by the Board, and make recommendations to the Board with respect to incentive compensation and equity-based plans.

9. Approve for submission to the shareholders stock option or other equity incentive plans or amendments thereto.

10. Oversee and periodically review the operation of all the Company's employee benefit plans, including but not limited to the Section 401(k) Plan. Responsibility for day-to-day administration, including the preparation and filing of all government reports and the preparation and delivery of all required employee materials and communications, will be performed by company personnel.

11. Review the annual incentive compensation plan to determine if it is administered in a manner consistent with the Company's compensation strategy and does not exceed amounts under IRS Code Section 162(m)

12. Review matters related to management performance, compensation and succession planning and executive development for executive staff.

13. Approve separation packages and severance benefits for executive officers to the extent that the packages are outside the ordinary plan limits.

14. Exercise, as necessary and appropriate, all of the authority of the Board of Directors with respect to the election of officers of the Company during the periods between the regular meetings of the Board.

15. Have full access to the Company's executives and personnel as necessary to carry out its responsibilities.

16. Obtain such data or other resources as it deems necessary to perform its duties, including but not limited to obtaining external consultant reports or published salary surveys, and engaging independent compensation consultants and other professionals to assist in the design, formulation, analysis and implementation of compensation programs for the Company's executive officers and other key employees.

17. Have responsibility for the review and approval of all reports and summaries of compensation policies and decisions as may be appropriate for operational purposes or as may be required under applicable law.

18. Perform any other activities consistent with the Charter, the Company's Bylaws and governing law as the Committee or the Board deems necessary or appropriate.

19. Review the Committee Charter from time to time and recommend any changes to the Board.

20. Report to the Board of Directors on the major items covered at each meeting.

Notwithstanding the foregoing, any action of the Committee, other than the granting of stock options or other discretionary awards under the Company's stock option or other equity incentive plans, may be subject to Board review and may be revised, modified or rescinded by the Board.

IV. COMMITTEE MEETINGS

The Committee will meet as often as necessary to carry out its responsibilities. Meetings may be called by the Chairman of the Committee and/or by the management of the Company. Minutes of each meeting will be duly filed in the Company records. Reports of meetings of the Committee will be made to the Board of Directors at its next regularly scheduled meeting following the Committee meeting accompanied by any recommendations to the Board of Directors approved by the Committee.

The Committee will also meet as and when necessary to act upon any other matters within its jurisdiction under this Charter. A majority of the total number of members of the Committee will constitute a quorum at all committee meetings. A majority of the members of the Committee acting will be empowered to act on behalf of the Committee. Minutes will be kept of each meeting of the Committee.

Adopted as amended, February 22, 2006.

o Mark this box with an X if you have made changes to your name or address details above.

Annual Meeting Proxy Card

THE BOARD OF DIRECTORS OF THE COMPANY UNANIMOUSLY RECOMMEND THAT YOU VOTE "FOR" ALL OF THE FOLLOWING:

A Election of Directors

1. Six directors will be elected to hold office until the 2007 Annual Meeting of Stockholders and, in each case, until their respective successors have been duly elected and qualified.

	For	Withhold
01 Andre C. Dimitriadis	o	o
02 Boyd W. Hendrickson	o	o
03 Edmund C. King	o	o
04 Wendy L. Simpson	o	o
05 Timothy J. Triche, M.D.	o	o
06 Sam Yellen	o	o

In accordance with the judgments of the Proxies, upon any other matter that may properly come before the Annual Meeting of Stockholders or any adjournment thereof.

This Proxy will be voted as directed. If no contrary direction is made, this Proxy will be voted in accordance with the Directors' recommendations.

B Issue

The Board of Directors recommends a vote FOR the following proposal.

	For	Against	Abstain
2. Ratification of the Company's Independent Auditors.	o	o	o

C Authorized Signatures - Sign Here - This section must be completed for your instructions to be executed.

Important: Please sign your name exactly as it appears hereon. When signing as an attorney, executor, administrator, trustee or guardian, add such title in your signature.

NOTE: If you receive more than one proxy card, please date and sign each card and return all proxy cards in the enclosed envelope.

Signature 1 Please keep signature within the box | Signature 2 Please keep signature within the box | Date (mm/dd/yyyy)

Proxy LTC Properties, Inc.

This Proxy is Solicited by the Board of Directors
for the Annual Meeting of Stockholders-May 4, 2006

The undersigned hereby appoints: Andre C. Dimitriadis and Wendy L. Simpson, or either of them, each with the power of substitution, as Proxies, and hereby authorizes each of them to represent and vote, as designated below, the shares held of record by the undersigned at the annual meeting of stockholders of LTC Properties, Inc. to be held at the Silverado Resort, 1600 Atlas Peak Road, Napa, California 94558, on Thursday, May 4, 2006 at 10:00 A.M., or any adjournments or postponements thereof, as designated below, and in their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

PLEASE MARK, SIGN, DATE AND MAIL THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

YOUR VOTE IS IMPORTANT!

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