LTC PROPERTIES INC
Form 424B2
August 03, 2010

Use these links to rapidly review the document
TABLE OF CONTENTS
TABLE OF CONTENTS

Table of Contents

The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

FILED PURSUANT TO RULE 424(B)(2)
REG. STATEMENT NO. 333-167433

PRELIMINARY PROSPECTUS SUPPLEMENT, DATED AUGUST 2, 2010 (SUBJECT TO COMPLETION)
(TO PROSPECTUS DATED JUNE 9, 2010)

1,500,000 Shares

LTC Properties, Inc.

COMMON STOCK

We are offering 1,500,000 shares of our Common Stock. Our shares of Common Stock, par value $.01 per share, are listed on the New York Stock Exchange under the symbol "LTC." On August 2, 2010, the last reported sale price of our Common Stock as reported by the New York Stock Exchange was $25.26 per share.

We expect to deliver the Common Stock on or about August 6, 2010.

Investing in our securities involves certain risks. See "Risk Factors" on page S-8 of this prospectus supplement and beginning on page 2 of the accompanying prospectus.

	Per share	Total
Public offering price	$ 24.700	$ 37,050,000
Placement Agent Fees(1)	$ 0.167	$ 250,000
Proceeds, before expenses, to us(2)	$ 24.533	$ 36,800,000

(1) We have agreed to engage CSCA Capital Advisors, LLC ("CSCA"), as placement agent for this offering. CSCA has no commitment to purchase our Common Stock and will act only as an agent in obtaining indications of interest on the Common Stock from certain investors. We have agreed to pay CSCA a placement agent fee of $250,000.00 and to pay certain of its expenses.

(2)

Before deducting estimated offering expenses of $300,000.00

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

Placement Agent

CSCA Capital Advisors, LLC

THE DATE OF THIS PROSPECTUS SUPPLEMENT IS , 2010

Table of Contents

We have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

TABLE OF CONTENTS

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus supplement contains or incorporates by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). 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; 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" contained in this prospectus supplement and in other information contained in our publicly available filings with the Securities and Exchange Commission (the "SEC"), including our quarterly reports on Form 10-Q for the quarters ended March 31 and June 30, 2010, our annual report on Form 10-K for the year ended December 31, 2009 and other reports we file under the Exchange Act. We do not undertake any responsibility to update 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.

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

The following summary may not contain all of the information that is important to you. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully before deciding whether to invest in our Common Stock. In this prospectus supplement, unless otherwise indicated, the "company," "we," "us" and "our" refer to LTC Properties, Inc. and our consolidated subsidiaries.

ABOUT OUR COMPANY

We are a self-administered real estate investment trust that invests primarily in senior housing and long-term health care properties through mortgage loans, property lease transactions and other investments. Our primary senior housing and long-term health care property types include skilled nursing properties, assisted living properties, independent living properties and combinations thereof. As of June 30, 2010, senior housing and long-term health care properties comprised approximately 98% of our investment portfolio. We have been operating since August 1992.

As of June 30, 2010, we had approximately $629 million of gross real estate investments. At that date, our direct real estate investment portfolio, which consists of properties that we own or on which we hold promissory notes secured by first mortgages included 95 skilled nursing properties with a total of 10,919 beds, 99 assisted living properties with a total of 4,289 units, 12 other properties consisting of independent living properties and properties providing any combination of skilled nursing, assisted living and/or independent living services with a total of 795 skilled nursing beds, 290 assisted living units and 370 independent living units and two schools. These properties are located in 29 states. We had approximately $560 million (89%) of gross investments in owned and leased properties and approximately $69 million (11%) of gross investments in mortgage loans.

Here and throughout this prospectus supplement and the accompanying prospectus wherever we provide details of our properties' bed/unit count the number of beds/units applies to skilled nursing properties, assisted living residences and independent living residences only. This number is based upon unit/bed counts shown on operating licenses provided to us by lessees/borrowers or units/beds as stipulated by lease/mortgage documents. We have found during the years that these numbers often differ, usually not materially, from units/beds in operation at any point in time. The differences are caused by such things as operators converting a patient/resident room for alternative uses, such as offices or storage, or converting a multi-patient room/unit into a single patient room/unit. We monitor our properties on a routine basis through site visits and reviews of current licenses. In an instance where such change would cause a de-licensing of beds or in our opinion impact the value of the property, we would take action against the lessee/borrower to preserve the value of the property/collateral.

Owned Properties

At June 30, 2010, we owned properties in 23 states consisting of 60 skilled nursing properties with a total of 6,908 beds, 84 assisted living properties with a total of 3,700 units, 11 other properties consisting of independent living properties and properties providing any combination of skilled nursing, assisted living and/or independent living services with a total of 696 skilled nursing beds, 216 assisted living units and 370 independent living units and one school representing an aggregate gross investment of approximately $560 million. Subsequent to June 30, 2010, a lessee notified us of its intent to exercise its option to purchase a 195-bed skilled nursing property located in Virginia on November 1, 2010. The carrying value of this property as of June 30, 2010 was approximately $4.4 million and the annual revenue from this property is approximately $0.5 million. At this time, we anticipate an immaterial net gain from this sale. Owned properties are leased pursuant to non-cancelable operating leases generally with an initial term of 10 to 15 years. Many of the leases contain renewal options and two contain

Table of Contents

limited period options that permit the operators to purchase the properties. The leases provide for a fixed minimum base rent during the initial and renewal periods. The majority of our leases contain provisions for specified annual increases over the rents of the prior year and are generally computed in one of four ways depending on specific provisions of each lease: (i) a specified percentage increase over the prior year, generally between 2.0% and 3.0%; (ii) a calculation based on the Consumer Price Index; (iii) as a percentage of facility net patient revenues in excess of base amounts; or (iv) specific dollar increases. Each lease is a triple net lease which requires the lessee to pay additional charges including all taxes, insurance, assessments, maintenance and repair (capital and non-capital expenditures) and other costs necessary in the operation of the facilities. Generally our leases provide for one or more of the following: security deposits, property tax impounds, and credit enhancements such as corporate or personal guarantees or letters of credit. In addition, our leases are typically structured as master leases and multiple master leases with one operator are generally cross defaulted.

Mortgage Loans

At June 30, 2010, we had 40 mortgage loans secured by first mortgages on 35 skilled nursing properties with a total of 4,011 beds, 15 assisted living properties with a total of 589 units, one property with 99 skilled nursing beds and 74 assisted living units and one school representing an aggregate gross investment of approximately $69 million. These properties are located in 14 states. At June 30, 2010, the mortgage loans had interest rates ranging from 9.7% to 14.0% and maturities ranging from 2011 to 2019. In addition, some loans contain guarantees, provide for facility fees and generally have 25-year amortization schedules. The majority of the mortgage loans provide for annual increases in the interest rate based upon a specified increase of 10 to 25 basis points.

Credit Strength

We measure our credit strength both in terms of leverage ratios and coverage ratios. Our leverage ratios include debt to book capitalization and debt to market capitalization. The leverage ratios indicate how much of our balance sheet capitalization relates to long-term debt. Our coverage ratios include interest coverage ratio and fixed charge coverage ratio. The coverage ratios indicate our ability to service interest and fixed charges (interest plus preferred dividends). The coverage ratios are based on earnings before interest, taxes, depreciation and amortization (or EBITDA). Leverage ratios and coverage ratios are widely used by investors, analysts and rating agencies in the valuation, comparison, rating and investment recommendations of companies. The following table reflects the recent historical trends for our credit strength measures:

	Quarter Ended				
	6/30/10	**3/31/10**	**12/31/09**	**9/30/09**	**6/30/09**
Debt to book capitalization ratio	8.9%(1)	7.9%(1)	5.3%(1)	2.6%(6)	5.3%
Debt & Preferred Stock to book capitalization ratio	45.8%(1)	45.2%(1)	44.2%(1)	42.6%(6)	44.1%
Debt to market capitalization ratio	5.5%(1)	4.6%(1)	3.0%(1)	1.6%(6)	3.8%
Debt & Preferred Stock to market capitalization ratio	28.6%(1)	26.1%(1)	25.1%(4)	25.3%(6)	29.5%
Interest coverage ratio(8)	38.3x(2)	37.0x(3)	40.8x(5)	45.2x(7)	18.7x
Fixed charge coverage ratio(8)	3.8x(2)	3.5x(3)	3.6x(5)	3.7x(7)	3.3x

(1) Increase primarily due to the increase in bank borrowing.

(2) Increase primarily due to additional net income generated from acquisitions in 2009 and 2010.

Table of Contents

(3) Decrease primarily due to the increase of $0.9 million in provision for doubtful accounts related to a mortgage loan secured by a private school property located in Minnesota. See Note 2 to our financial statements filed with our Form 10-Q for the period ended June 30, 2010.

(4) Decrease primarily due to the increase in market capitalization partially offset by the increase in bank borrowing.

(5) Decrease primarily due to the increase in operating and other expenses relating to transaction costs incurred for the acquisition of three assisted living properties in November of 2009.

(6) Decrease primarily due to the repayment of $23.9 million of mortgage debt in June and July of 2009.

(7) Increase primarily due to the decrease in interest expense relating to the repayment of mortgage debt.

(8) In calculating our interest coverage and fixed charge coverage ratios above, we use EBITDA, which is a financial measure not derived in accordance with U.S. generally accepted accounting principles (i.e., a non-GAAP financial measure). Our coverage ratios indicate our ability to service interest expense and fixed charges (interest plus preferred dividends). Leverage ratios and coverage ratios are widely used by investors, analysts and rating agencies in the valuation, comparison, rating and investment recommendations of companies. EBITDA is not an alternative to net income, operating income, income from continuing operations or cash flows from operating activities as calculated and presented in accordance with U.S. GAAP. You should not rely on EBITDA as a substitute for any such U.S. GAAP financial measures or consider it in isolation, for the purpose of analyzing our financial performance, financial position or cash flows. Net income is the most directly comparable GAAP measure to EBITDA. Below are a reconciliation of net income to EBITDA and the calculation of the interest coverage and fixed charge coverage ratios disclosed above:

	Quarter Ended				
	06/30/10	**03/31/10**	**12/31/09**	**9/30/09**	**6/30/09**
Net income	$ 11,630	$ 10,570	$ 11,056	$ 11,326	$ 10,740
Add: Interest expense	419	401	372	340	814
Add: Depreciation and amortization	4,014	3,860	3,733	3,694	3,694
Total EBITDA	$ 16,063	$ 14,831	$ 15,161	$ 15,360	$ 15,248
Interest expense	$ 419	$ 401	$ 372	$ 340	$ 814
Interest coverage ratio	38.3x	37.0x	40.8x	45.2x	18.7x
Interest expense	$ 419	$ 401	$ 372	$ 340	$ 814
Preferred stock dividends	3,785	3,785	3,785	3,785	3,786
Total fixed charges	$ 4,204	$ 4,186	$ 4,157	$ 4,125	$ 4,600
Fixed charge coverage ratio	3.8x	3.5x	3.6x	3.7x	3.3x

Recent Developments

Subsequent to June 30, 2010, we entered into a three-year private shelf agreement with Prudential Investment Management, Inc. and sold a series of senior unsecured promissory notes totaling $50 million under this agreement. The series of senior unsecured notes are in two tranches of $25 million each. The first tranche bears interest at an annual fixed rate of 5.26% and matures on July 14, 2015 and the second tranche bears interest at an annual fixed rate of 5.74% and matures on January 14, 2019 with interest only payments in years 1 through 3.5 and equal annual principal amortization of approximately $4 million in years 3.5 through 8.5. We repaid $41 million under our

Table of Contents

Unsecured Credit Agreement from the proceeds of the sale of the unsecured notes and will use the remaining proceeds for general corporate purposes. After this repayment we have no outstanding balance under our Unsecured Credit Agreement and $110 million available for borrowing. The agreement with Prudential Investment Management, Inc. provides for the possible issuance of up to an additional $50 million of senior unsecured fixed-rate term notes during the three-year issuance period.

Health Care Reform

In March 2010, the President signed into law The Patient Protection and Affordable Care Act ("PPACA"), as amended by the Health Care and Education and Reconciliation Act of 2010 (collectively, the "Health Care Reform Law"). The Health Care Reform Law contains various provisions that may impact us directly and that may impact our lessees and borrowers. Certain provisions of these laws may have a positive impact on the revenues of our lessees and borrowers, by increasing coverage of uninsured individuals, for example. Other provisions may have a negative impact on our lessees and borrowers including health care provider cost-containment initiatives such as reductions in Medicare skilled nursing facility reimbursement, measures to tie Medicare provider reimbursement to health care quality and incentives, mandatory compliance programs, enhanced transparency disclosure requirements and incentives to state Medicaid programs to promote community-based care as an alternative to institutional long-term care services, among others. In addition, the law provides for the establishment of a national voluntary pilot program to bundle Medicare payments for hospital and post-acute services, which could lead to changes in the delivery of post-acute services. The Health Care Reform Law also strengthens certain fraud and abuse penalty provisions that could apply to our operators for violations of federal health care laws. In addition, there are provisions that impact the health coverage that we and our lessees and borrowers provide to our respective employees. We cannot predict at this time what effect, if any, the various provisions of the Health Care Reform Law will have on our lessees and borrowers or our business; however, if the operations, cash flows or financial condition of our lessees and borrowers are materially adversely impacted by the Health Care Reform Law, our revenue and operations may be adversely affected as well.

Recent Medicare and Medicaid Developments

The Centers for Medicare & Medicaid Services ("CMS") annually updates Medicare skilled nursing facility prospective payment system rates and other policies. On July 31, 2009, CMS published the final Medicare skilled nursing facility rates for fiscal year 2010, which began on October 1, 2009. The rule reduces Medicare payments by $360 million or 1.1%, compared to fiscal year 2009 levels. The rule provides for a recalibration of the case mix weights that will reduce payments by 3.3%, which more than offsets the 2.2% market basket update. The loss of revenues associated with changes in skilled nursing facility payment rates could have an adverse effect on the financial condition of our lessees and borrowers which could, in turn, adversely impact the timing or level of their payments to us.

Corporate Offices

Our principal executive offices are located at 31365 Oak Crest Drive, Suite 200, Westlake Village, California 91361, and our telephone number is (805) 981-8655.

Table of Contents

THE OFFERING

The following is a brief summary of some of the terms of this offering. For a more complete description of the terms of our Common Stock see "Description of Capital Stock" in the accompanying prospectus.

Issuer	LTC Properties, Inc.
Securities Offered	1,500,000 shares of Common Stock, par value $0.01 per share.
Price per Share	$24.70
Common Stock outstanding after this offering	25,299,484 shares
NYSE symbol	LTC
Use of Proceeds	We intend to use the proceeds of this offering for the redemption of our Series E Preferred Stock and use the remaining net proceeds to partially redeem shares of our Series F Preferred Stock. See "Use of Proceeds" beginning on page S-8 of this prospectus supplement.
Risk Factors	You should read carefully the "Risk Factors" beginning on page 2 of the accompanying prospectus and page 16 of our Annual Report on Form 10-K for the calendar year ended December 31, 2009, for certain considerations relevant to investing in the Common Stock.

Table of Contents

RISK FACTORS

An investment in our common stock involves various risks. Before deciding to invest in our common stock, you should carefully consider the risks, uncertainties and cautionary language and other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. Any of the risks or uncertainties described herein or therein could significantly and adversely affect our business, prospects, financial condition and results or operations. As a result, the trading price of our common stock could decline and you could lose a part of all of your investment.

For a discussion of certain risks that purchasers of our Common Stock should consider, we refer you to the discussion under the caption "Risk Factors" in Item 1 of our annual report on Form 10-K for the year ended December 31, 2009, and other reports we filed under the Securities Exchange Act of 1934, which are incorporated by reference into this prospectus supplement, including factors identified under the headings "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", and in the other documents incorporated by reference into this prospectus supplement. All of these risks could adversely affect our business, financial condition, results of operations and cash flows. As a result, our ability to pay dividends on, and the market price of, our equity securities may be adversely affected if any of such risks are realized. See "Incorporation by Reference" on page 57 of the accompanying prospectus.

USE OF PROCEEDS

We estimate that our net proceeds from the sale of the common stock in this offering will be approximately $36.5 million, after deducting placement agent fees and estimated offering expenses payable by us. We intend to use the net proceeds for the redemption of our Series E Preferred Stock and use the remaining net proceeds to partially redeem shares of our Series F Preferred Stock. Until such time as we redeem such shares, we intend to invest the net proceeds from the offering in short-term, interest-bearing, investment grade securities.

DIVIDEND POLICY

Our common stock is listed on the New York Stock Exchange under the symbol "LTC". The following table sets forth the range of intra-day high and low sale prices, as reported on the New York Stock Exchange Composite Tape, and the cash dividends declared and paid on the shares of common stock for the periods indicated.

	High	Low	Dividend Declared	Dividend Paid
2010:				
First Quarter	$ 28.10	$ 24.52	$ 0.39	$ 0.39
Second Quarter	$ 28.76	$ 23.13	$ 0.39	$ 0.39
July 1-30	$ 25.66	$ 22.91	$ 0.13	$ 0.13
2009:				
First Quarter	$ 23.10	$ 15.74	$ 0.39	$ 0.39
Second Quarter	$ 21.99	$ 17.22	$ 0.39	$ 0.39
Third Quarter	$ 26.73	$ 19.13	$ 0.39	$ 0.39
Fourth Quarter	$ 28.41	$ 22.50	$ 0.39	$ 0.39
2008:				
First Quarter	$ 27.35	$ 22.51	$ 0.39	$ 0.39
Second Quarter	$ 28.30	$ 25.13	$ 0.39	$ 0.39
Third Quarter	$ 31.16	$ 24.57	$ 0.39	$ 0.39
Fourth Quarter	$ 28.87	$ 14.70	$ 0.39	$ 0.39

Table of Contents

On August 2, 2010, the last reported closing price of our common stock on the New York Stock Exchange was $25.26 per share.

We expect to pay dividends on our common stock in amounts determined from time to time by our board of directors. Subsequent to the completion of this offering and the application of the net proceeds for redemption of our Series E and the remaining net proceeds for the redemption of our Series F Preferred Stock, we expect to maintain our current aggregate dividend payout level of approximately $52 million annually (total preferred and common stock dividends on an annual basis), which may result in an increase in the dividend payable per share of our common stock, depending on the actual number of shares sold in this offering, the actual offering price per share, the actual net proceeds received by us in this offering and the amount of preferred stock which is actually redeemed. The actual amount and timing of distributions, however, are at the sole discretion of our board of directors. All distributions will depend on our earnings, our financial condition and such other factors as our board of directors deems relevant. We cannot assure you that we will pay future distributions at current levels or at all.

On July 6, 2010, we declared a monthly cash dividend of $0.13 per common share per month for the months of July, August and September 2010, payable on July 30, August 31 and September 30, 2010, respectively, to stockholders of record on July 22, August 23 and September 22, 2010, respectively. We have also paid cash dividends on our Series C, Series E and Series F Preferred Stock, for dividends declared in 2010, totaling $1,636,000, $40,000 and $5,894,000, respectively, year-to-date through the date of this prospectus supplement.

We intend to distribute to our stockholders an amount at least sufficient to satisfy the distribution requirements of a REIT. Cash flows from operating activities available for distribution to stockholders will be derived primarily from interest and rental payments from our real estate investments. All distributions will be made subject to approval of our board of directors and will depend on our earnings, our financial condition and such other factors as our board of directors deem relevant. In order to qualify for the beneficial tax treatment accorded to REITs by Sections 856 through 860 of the Internal Revenue Code, we are required to make distributions to holders of our shares equal to at least 90% of our REIT taxable income. See "Description of Our Common Stock" in the accompanying prospectus for a discussion of certain restrictions on the payment of our dividends.

DESCRIPTION OF OUR CAPITAL STOCK

GENERAL

Pursuant to our Articles of Amendment and Restatement, as amended and supplemented to date, and referred to in this prospectus supplement as our "Charter," we are authorized to issue 60,000,000 shares of all classes of stock, each share having a par value of $0.01 of which 45,000,000 shares are Common Stock and 15,000,000 shares are preferred stock. Our Board of Directors may issue the preferred stock in such one or more series consisting of such numbers of shares and having such preferences, conversion and other rights, voting powers, restrictions and limitations as to dividends, qualifications and terms and conditions of redemption of stock as our Board of Directors may from time to time determine when designating such series. Our Board of Directors also may classify or reclassify any unissued stock from time to time by setting or changing the preferences, conversion and other rights, voting powers, restrictions and limitations as to dividends, qualifications, and terms and conditions of redemption of stock.

Of our preferred stock:

(1) 2,000,000 shares have been designated as 8.5% Series C Cumulative Convertible Preferred Stock;

Table of Contents

(2) 2,200,000 shares have been designated as 8.5% Series E Cumulative Convertible Preferred Stock; and

(3) 6,640,000 shares have been designated as 8.0% Series F Cumulative Preferred Stock;

As of August 2, 2010, 2,000,000, 37,816, 5,894,216 and 23,799,484 shares of Series C Preferred Stock, Series E Preferred Stock, Series F Preferred Stock and Common Stock, respectively were outstanding.

For descriptions of our Common Stock, Series C Cumulative Convertible Preferred Stock, Series E Cumulative Convertible Preferred Stock and Series F Cumulative Preferred Stock, see the accompanying prospectus.

Table of Contents

CAPITALIZATION

The following table sets forth our consolidated capitalization (i) as of June 30, 2010 (ii) as adjusted to give pro forma effect to the issuance and sale of the 1,500,000 shares of common stock offered by us at a public offering price of $24.70 per share, less estimated placement agent fees and offering expenses payable by us, the redemption of our Series E Preferred Stock and 1,422,184 shares of our Series F Preferred Stock.

The information set forth below, should be read in conjunction with our consolidated financial statements and related notes incorporated by reference in this prospectus supplement.

	As of June 30, 2010	
	Actual	As adjusted
	(in thousands)	
Debt:		