



LTC Properties (LTC)

Updated February 26th, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	\$40	5 Year CAGR Estimate:	6.9%	Market Cap:	\$1.9 B
Fair Value Price:	\$40	5 Year Growth Estimate:	2.0%	Ex-Dividend Date:	3/23/2026
% Fair Value:	100%	5 Year Valuation Multiple Estimate:	0.1%	Dividend Payment Date:	3/31/2026
Dividend Yield:	5.7%	5 Year Price Target	\$44	Years Of Dividend Growth:	0
Dividend Risk Score:	F	Sector:	REITS	Rating:	Sell

Overview & Current Events

LTC Properties is a REIT that invests in senior housing and skilled nursing properties. Its portfolio consists of approximately 63% senior housing and 37% skilled nursing properties. The REIT owns nearly 190 investments in 25 states with 31 operating partners and has a market capitalization of \$1.9 billion.

Just like other healthcare REITs, LTC benefits from a strong secular trend, namely the high growth of the population that is above 80 years old. This growth results from the aging of the baby boomers' generation and the steady rise of life expectancy thanks to sustained progress in medical sciences.

LTC has been facing a headwind in recent years, namely the bankruptcy of Senior Care Centers, which is the largest skilled nursing operator in Texas. Senior Care filed for Chapter 11 bankruptcy in December-2018. Until 2018, it was generating 9.7% of the annual revenues of LTC and was the fifth largest customer of LTC.

In late February, LTC reported (2/24/26) financial results for the fourth quarter of fiscal 2025. Funds from operations (FFO) per share grew 8% over the prior year's quarter, from \$0.65 to \$0.70, beating the analysts' consensus by \$0.02. The increase in FFO per share resulted primarily from acquisitions of senior housing properties. The leverage ratio (Net Debt to EBITDA) improved from 4.7x to 4.5x. The REIT is facing a headwind due to deferred payments from some tenants. While the pandemic has subsided and many REITs have recovered, LTC still exhibits lackluster business momentum. Management provided modest guidance for 2026, expecting FFO per share of \$2.75-\$2.79. Accordingly, we expect FFO per share of \$2.77 in 2026.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
FFO	\$3.06	\$3.10	\$3.06	\$3.08	\$2.99	\$2.35	\$2.56	\$2.62	\$2.62	\$2.73	\$2.77	\$3.06
DPS	\$2.19	\$2.28	\$2.28	\$2.28	\$2.28	\$2.28	\$2.28	\$2.28	\$2.28	\$2.28	\$2.28	\$2.28
Shares¹	38.6	39.6	39.9	39.8	39.1	39.2	40.8	42.0	45.5	48.1	50.0	55.0

Due to the aforementioned headwinds LTC has been facing in recent years, the REIT has failed to grow its funds from operations over the last decade. Growth has stalled in the last nine years, partly due to the bankruptcy of Senior Care. On the bright side, the REIT has most of its assets in states with the highest projected increases in the 80+ population cohort over the next decade. Moreover, LTC has been hurt by the pandemic, but this crisis now belongs to the past. Due to the low comparison base formed this year, we expect 2.0% growth in FFO per share over the next five years.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/FFO	15.7	15.4	13.6	15.1	12.7	16.0	14.8	12.9	13.7	12.8	14.4	14.5
Avg. Yld.	4.6%	4.8%	5.5%	4.9%	6.0%	6.0%	6.0%	6.8%	6.3%	6.5%	5.7%	5.1%

¹ In millions.

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LTC has traded at an average price-to-FFO ratio of 14.5 over the last decade and has consistently traded around this valuation level in the last decade. LTC is now trading at a FFO multiple of 14.4, which is marginally lower than the historical average of the stock. We expect LTC to trade at its average valuation level in five years. If this proves correct, the stock will enjoy a 0.1% annualized gain in its returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	71.6%	73.5%	74.5%	74.0%	76.3%	97.0%	89.1%	87.0%	87.0%	83.5%	82.3%	74.6%

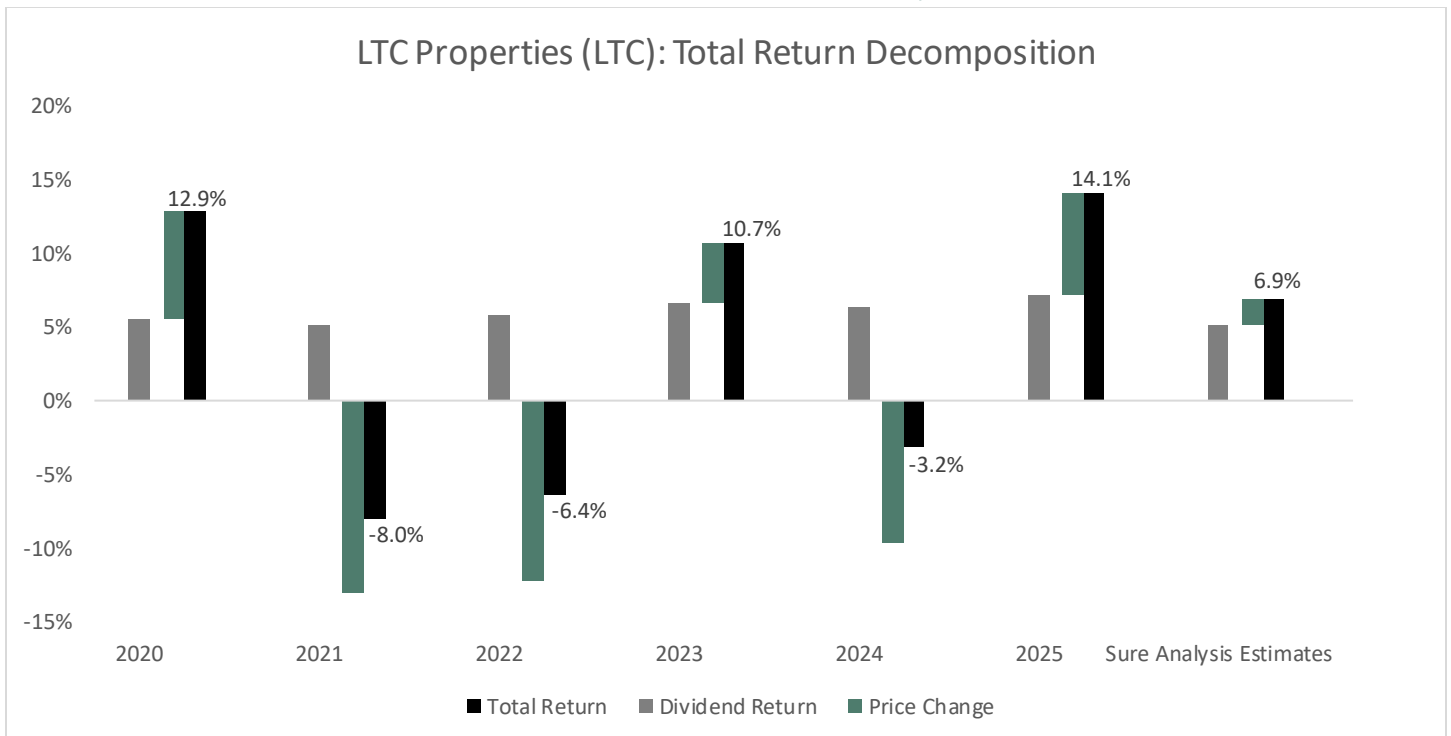
LTC implements a strict screening process before purchasing its assets while it tries to minimize its risk via geographical diversification and security deposits. While it benefits from sustained growth in the health care industry, it does not have a meaningful competitive advantage, as evidenced by its stagnation in the last nine years. In addition, the default of a major customer of LTC proved that the REIT has tenant bankruptcy risk.

LTC is offering an attractive 5.7% dividend yield. However, it has frozen its dividend in the last nine years due to the absence of underlying growth. Consequently, it is prudent not to expect dividend growth for the foreseeable future. Moreover, while recent asset sales have strengthened the balance sheet of the REIT, the forward payout ratio is high (82%). As a result, the dividend is likely to come under pressure if the trust faces a strong headwind, such as a recession. Fortunately, the REIT does not have material debt maturities for the next three years.

Final Thoughts & Recommendation

LTC has failed to grow its FFO per share for nine consecutive years. With that said, we expect the REIT to overcome the headwinds from the liquidity issues of some of its customers and material debt load and return to slow-growth mode this year. The stock could offer a 6.9% average annual return over the next five years thanks to 2.0% growth, its 5.7% dividend and a 0.1% valuation tailwind. The stock receives a sell rating due to its frozen dividend and its poor performance record.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	162	168	169	185	159	155	175	197	210	265
SG&A Exp.	17	18	19	18	20	21	24	24	27	---
D&A Exp.	36	38	38	39	39	38	37	37	36	39
Operating Profit	108	113	112	111	85	79	97	117	133	75
Operating Margin	66.7%	67.3%	66.3%	59.7%	53.7%	51.0%	55.4%	59.4%	63.2%	28.2%
Net Profit	85	87	155	81	95	56	100	90	91	123
Net Margin	52.7%	52.0%	91.9%	43.5%	59.8%	36.0%	57.1%	45.7%	43.4%	46.4%
Free Cash Flow	104	104	114	122	116	91	106	104	125	122

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1395	1466	1514	1514	1459	1505	1656	1855	1786	2,062
Cash & Equivalents	8	5	3	4	8	5	10	20	9	14
Accounts Receivable	55	64	74	46	24	24	22	20	22	---
Total Liabilities	655	707	681	729	684	760	806	939	733	900
Long-Term Debt	609	668	645	693	649	723	768	891	685	845
Shareholder's Equity	740	755	825	777	767	737	828	881	961	1,075
LTD/E Ratio	0.82	0.88	0.78	0.89	0.85	0.98	0.93	1.01	0.71	0.79

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	6.4%	6.1%	10.4%	5.3%	6.4%	3.8%	6.3%	5.1%	5.0%	6.4%
Return on Equity	12.2%	11.7%	19.6%	10.1%	12.3%	7.4%	12.8%	10.2%	9.2%	11.1%
ROIC	6.6%	6.3%	10.7%	5.4%	6.6%	3.9%	6.5%	5.2%	5.1%	6.6%
Shares Out.	38.6	39.6	39.9	39.8	39.1	39.2	40.1	41.4	44.2	46.6
Revenue/Share	4.19	4.24	4.23	4.66	4.06	3.97	4.37	4.77	4.74	5.70
FCF/Share	2.74	2.66	2.90	3.08	2.96	2.33	2.64	2.52	2.83	2.63

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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