

LTC PROPERTIES INC
Form 424B5
July 16, 2004

Table of Contents

PROSPECTUS SUPPLEMENT

Filed Pursuant to Rule 424 (b)(5) under the Securities Act of
1933

(TO PROSPECTUS DATED APRIL 5, 2004)

Registration No 333-113847

2,640,000 Shares

LTC Properties, Inc.
8% Series F Cumulative Preferred Stock
(Liquidation Preference \$25.00 Per Share)

We are offering 2,640,000 shares of our 8% Series F Cumulative Preferred Stock, or Series F Preferred Stock at a price of \$23.53 per share, plus an additional per share amount of \$0.0056 per day for the number of days from and including July 2, 2004 through and including the day of sale (with any included complete calendar month being deemed to have 30 days), such additional per share amount being equal to the accrued and unpaid distributions payable with respect to each share of such Series F Preferred Stock through the date of any such sale.

We will pay quarterly cumulative dividends, in arrears, on the Series F Preferred Stock offered hereby from and including July 2, 2004. These dividends are payable on January 15, April 15, July 15 and October 15 of each year, when and as declared, at a yearly rate of 8% of the \$25.00 liquidation preference, or \$2.00 per Series F Preferred Stock per year. We may not redeem the Series F Preferred Stock prior to February 23, 2009, except as necessary to preserve our status as a real estate investment trust. On or after February 23, 2009, we may, at our option, redeem the Series F Preferred Stock, in whole or from time to time in part, for \$25.00 per Series F Preferred Stock in cash plus any accrued and unpaid dividends to the date of redemption. The shares of Series F Preferred Stock have no stated maturity, are not subject to any sinking fund and will remain outstanding indefinitely unless we redeem them.

We have agreed to engage Cohen & Steers Capital Advisors, LLC, as placement agent for this offering. Cohen & Steers has no commitment to purchase securities and will act only as an agent in obtaining indications of interest on the securities for certain investors. After paying the placement agent fee and other estimated expenses payable by us, we anticipate receiving approximately \$60.6 million in net proceeds from this offering.

Our Series F Preferred Stock is traded on the New York Stock Exchange under the symbol LTC PrF. On July 15, 2004, the last reported sale price of our Series F Preferred Stock was \$23.85. We have applied to list the additional shares of Series F Preferred Stock offered hereby on the New York Stock Exchange.

Investing in our securities involves certain risks. See Risk Factors on page S-9 of this prospectus supplement and beginning on page 6 of the accompanying prospectus.

	<u>Per share</u>	<u>Total</u>
Public offering price(1)	\$ 23.529	\$62,117,647
Placement agent fees	\$ 0.424	\$1,119,220
Proceeds, before expenses and certain other fees, to us	\$23.105	\$60,998,427

(1) Plus accrued dividends, if any, from and including July 2, 2004 to the date of delivery.

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.

We expect to deliver the Series F Preferred Stock offered hereby on or about July 20, 2004 in accordance with the terms of purchase agreements to be entered into with purchasers.

Placement Agent

Cohen & Steers Capital Advisors, LLC

THE DATE OF THIS PROSPECTUS SUPPLEMENT IS JULY 15, 2004

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

Prospectus Supplement	Page
<u>FORWARD-LOOKING STATEMENTS</u>	S-3
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	S-4
<u>THE OFFERING</u>	S-7
<u>RISK FACTORS</u>	S-9
<u>USE OF PROCEEDS</u>	S-10
<u>CAPITALIZATION</u>	S-10
<u>SELECTED CONSOLIDATED FINANCIAL DATA</u>	S-11
<u>LEGAL PROCEEDINGS</u>	S-11
<u>RATIOS OF EARNINGS TO FIXED CHARGES AND EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS</u>	S-12
<u>DESCRIPTION OF OUR CAPITAL STOCK</u>	S-12
<u>ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS</u>	S-19
<u>PLAN OF DISTRIBUTION</u>	S-26
<u>LEGAL MATTERS</u>	S-27
<u>EXPERTS</u>	S-27
<u>WHERE YOU CAN FIND ADDITIONAL INFORMATION</u>	S-27
<u>DOCUMENTS INCORPORATED BY REFERENCE</u>	S-27
Prospectus	Page

ABOUT THIS PROSPECTUS	2
FORWARD-LOOKING STATEMENTS	3
WHERE YOU CAN FIND ADDITIONAL INFORMATION	4
DOCUMENTS INCORPORATED BY REFERENCE	4
ABOUT OUR COMPANY	5
OUR STRATEGY	6
RISK FACTORS	6
USE OF PROCEEDS	13
RATIOS OF EARNINGS TO FIXED CHARGES AND EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS	14
GENERAL DESCRIPTION OF THE OFFERED SECURITIES	14
DESCRIPTION OF DEBT SECURITIES	15
DESCRIPTION OF OUR COMMON STOCK	21
DESCRIPTION OF OUR PREFERRED STOCK	22
RESTRICTIONS ON OWNERSHIP AND TRANSFER	27
CERTAIN PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS	28
CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS	31
PLAN OF DISTRIBUTION	42
LEGAL MATTERS	44
EXPERTS	44

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 and Section 21E of the Securities Exchange Act of 1934. 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 the 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, compliance with and changes to regulations and payment policies within the healthcare industry, changes in financing terms, competition within the healthcare and senior housing industries, and changes in federal, state and local legislation. 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, including our annual report on Form 10-K for the year ended December 31, 2003 and other reports we file under the Securities Exchange Act of 1934. 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 Series F Preferred 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 long-term care and other healthcare related properties through mortgage loans, property lease transactions and other investments. As of March 31, 2004, long-term care facilities, which include skilled nursing and assisted living facilities, comprised approximately 98% of our investment portfolio. We have been operating since August 1992.

Skilled nursing facilities provide restorative, rehabilitative and nursing care for people not requiring the more extensive and sophisticated treatment available at acute care hospitals. Many skilled nursing facilities provide ancillary services that include occupational, speech, physical, respiratory and IV therapies, as well as provide sub-acute care services which are paid either by the patient, the patient's family, or through federal Medicare or state Medicaid programs.

Assisted living facilities serve elderly persons who require assistance with activities of daily living, but do not require the constant supervision skilled nursing facilities provide. Services are usually available 24-hours a day and include personal supervision and assistance with eating, bathing, grooming and administering medication. The facilities provide a combination of housing, supportive services, personalized assistance and health care designed to respond to individual needs.

As of March 31, 2004, we had approximately \$521 million in carrying value of net real estate investments. At that date, our portfolio included 96 assisted living properties, 84 skilled nursing properties and one charter school in 30 states. We had approximately \$383 million (74%) invested in owned and leased properties, approximately \$75 million (14%) invested in mortgage loans, and investments in certificates of a real estate mortgage investment conduit (or REMIC) with a carrying value of approximately \$63 million (12%).

Owned Properties

At March 31, 2004, we owned 53 skilled nursing properties with a total of 6,095 beds, 88 assisted living properties with 4,182 units and one school located in 23 states. The properties are leased pursuant to non-cancelable leases generally with an initial term of 6 to 20 years. The leases provide for a fixed minimum base rent during the initial and renewal periods. Most of the leases provide for annual fixed rent increases or increases based on consumer price indices over the term of the lease. In addition, certain of our leases provide for additional rent through revenue participation (as defined in the lease agreement) in incremental revenues generated by the facilities over a defined base period effective at various times during the term of the lease. 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 facility. Many of the leases contain renewal options and one contains a limited period option that permits the operator to purchase the property.

Mortgage Loans

At March 31, 2004, we had 38 mortgage loans secured by first mortgages on 31 skilled nursing properties with a total of 3,875 beds and eight assisted living properties with a total of 369 units located in 19 states. At March 31,

2004, the mortgage loans had interest rates ranging from 9.5% to 12.7% and maturities ranging from 2004 to 2018. In addition, the loans contain certain guarantees, provide for certain 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.

In general, the mortgage loans may not be prepaid except in the event of the sale of the collateral property to a third party that is not affiliated with the borrower, although partial prepayments (including the prepayment premium) are often permitted where a mortgage loan is secured by more than one property upon the sale of one or more, but not all, of the collateral properties to a third party which is not an affiliate of the borrower. The terms of the mortgage loans generally impose a premium upon prepayment of the loans depending upon the period in which the prepayment occurs, whether such prepayment was permitted or required, and certain other conditions such as upon the sale of the property under a pre-existing purchase option, destruction or condemnation, or other circumstances as approved by us. On certain loans, such prepayment

Table of Contents

amount is based upon a percentage of the then outstanding balance of the loan, usually declining ratably each year. For other loans, the prepayment premium is based on a yield maintenance formula. In addition to a lien on the mortgaged property, the loans are generally secured by certain non-real estate assets of the properties and contain certain other security provisions in the form of letters of credit, pledged collateral accounts, security deposits, cross-default and cross-collateralization features and certain guarantees.

REMIC Certificates

As of March 31, 2004, we had \$63,084,000 of REMIC Certificates at net book value, which includes the \$3,873,000 of REMIC certificates we acquired during the first quarter. Of the \$63,084,000, \$56,401,000 of our net book value represents face value certificated interests in the principal balances of the underlying mortgage pools which at March 31, 2004 had total unpaid principal balance of \$201,265,000. Additionally, there are also \$137,671,000 senior certificates outstanding that have priority over the \$56,401,000 of face value certificates we retained.

The REMIC certificates we retain are subordinate in rank and right of payment to the REMIC certificates sold to third-party investors and as such would bear the first risk of loss in the event of an impairment to any of the underlying mortgages. The REMIC certificates are collateralized by three pools consisting of 69 first mortgage loans secured by 97 skilled nursing properties. The mortgage loans underlying the REMIC certificates generally have 25-year amortization schedules with final maturities due from 2004 to 2028, unless prepaid prior thereto. Distributions on any of the REMIC certificates will depend, in large part, on the amount and timing of payments, collections, delinquencies and defaults with respect to mortgage loans represented by the REMIC certificates, including the exercise of certain purchase options under existing property leases or the sale of the mortgaged properties. Each of the mortgage loans securing the REMIC certificates contains similar prepayment and security provisions as our mortgage loans.

As part of the REMIC transactions, we serve as the sub-servicer and, in such capacity, are responsible for performing substantially all of the servicing duties relating to the mortgage loans represented by the REMIC certificates. We receive monthly fees equal to a fixed percentage of the then outstanding mortgage loan balance in the REMIC, which in our opinion, represent currently prevailing terms for similar transactions. In addition, we will act as the special servicer to restructure any mortgage loans in the REMIC that default.

OUR STRATEGY

Our primary objectives are to enhance stockholder equity value and provide current income for distribution to stockholders through real estate investments in long-term care properties and other healthcare related properties run by experienced operators providing quality care. To meet these objectives, we attempt to invest in fee simple properties or in mortgages that provide opportunity for additional value and current returns to our stockholders and to diversify our investment portfolio by geographic location, operator and form of investment.

For investments in skilled nursing facilities, we favor low cost per bed opportunities, whether in fee simple properties or in mortgages. Thus, the average per bed cost of our owned skilled nursing facilities is approximately \$27,000 per bed while that of our mortgages is approximately \$16,300 per bed.

For assisted living investments we have attempted to diversify our portfolio both geographically and across product levels. Thus, we believe that although the majority of our investments are in affordably priced units, our portfolio also includes a significant number of upscale units in appropriate markets with certain operators.

As skilled nursing facilities reimbursement cuts have created cost and pricing pressures in that industry, we have tended to emphasize fee simple investments in the assisted living sector where we believe facilities tend to be both newer and less dependent, if at all, on any government reimbursement.

Recent Developments

Since March 31, 2004, we have repaid \$10,500,000 of our bank borrowings and will report an outstanding bank line of \$1,500,000 as of June 30, 2004, when we file our Form 10-Q for the second quarter of 2004.

In April 2004, holders of 798,000 shares of our 8.5% Series E Cumulative Convertible Preferred Stock, or Series E Preferred Stock, notified us of their election to convert such shares into 1,596,000 shares of our Common Stock at the Series E Preferred Stock conversion rate of \$12.50 per share. On July 14, 2004 holders of 10,800 shares of our Series E Preferred Stock notified us of their election to convert such shares into 21,600 shares of our Common Stock. Subsequent to this most recent

Table of Contents

conversion, there will be 1,394,200 shares of our Series E Preferred Stock outstanding and 19,651,947 shares of our Common Stock outstanding.

Additionally, subsequent to March 31, 2004, our REMIC 94-1 pool was dissolved. The result of this action was to increase our mortgage loans receivable and decrease our REMIC Certificates by approximately \$11,300,000 each.

At our Annual Meeting held on May 18, 2004, our stockholders approved the following:

An amendment to our Charter to increase the number of authorized shares of Common Stock from 35,000,000 to 45,000,000 shares;

The 2004 Stock Option Plan providing for the issuance of up to 500,000 shares of our Common Stock; and

The 2004 Restricted Stock Plan providing for the issuance of up to 100,000 shares of our Common Stock.

On May 28, 2004, we filed a registration statement on Form S-3 with the Securities and Exchange Commission which was declared effective on June 9, 2004, with respect to the resale by certain Selling Stockholders of up to 865,387 shares of our Common Stock. The Selling Stockholders under certain conditions are entitled to convert limited partnership interests into shares of our Common Stock at conversion prices between \$13.00 and \$17.00 per share. In the event a limited partner exercises this right to exchange partnership interests for Common Stock, we have the election either to issue our Common Stock or pay the limited partner the equivalent exchange for their limited partnership interests. To date, 168,365 shares of our Common Stock has been issued as a result of such conversions.

Recent Medicare and Medicaid Developments

On December 8, 2003, President Bush signed into law the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (P.L. 108-173). In addition to providing expanded Medicare prescription drug coverage, the new act modifies Medicare payments to a variety of health care providers. With respect to skilled nursing facilities, the new act provides a temporary 128 percent increase in the per diem resource utilization group payment for a skilled nursing facility resident with acquired immune deficiency syndrome, applicable to services furnished on or after October 1, 2004. In addition, President Bush's fiscal year 2005 proposed budget indicates that for Medicare skilled nursing facilities, the refinements in patient categories for medically-complex patients will not be adopted, thereby continuing the temporary increase in the payment for certain high-cost nursing home patients through fiscal year 2005. There can be no assurances, however, that future legislation or regulations will not reduce Medicare reimbursement for nursing facilities.

In addition, budget shortfalls at the state level continue to pressure Medicaid programs. According to a September 2003 report by the Kaiser Commission on Medicaid and the Uninsured, nursing home rates were cut or frozen in 17 states in fiscal year 2003 and in 19 states in fiscal year 2004. On the other hand, nursing homes were the provider group most likely to be given a rate increase in both years, with increases in 33 states in fiscal year 2003 and in 29 states in fiscal year 2004; these increases often are mandated by state statutory funding formulas.

Our principal executive offices are located at 22917 Pacific Coast Hwy, Suite 350, Malibu, California 90265, and our telephone number is (310) 455-6010.

Table of Contents

THE OFFERING

Securities offered	2,640,000 shares of Series F Preferred Stock
Series F Preferred Stock to be outstanding after this offer	6,640,000
Price per share	\$23.53
Maturity	The Series F Preferred Stock has no stated maturity and will not be subject to any sinking fund or mandatory redemption.
Rank	<p>The Series F Preferred Stock will, with respect to dividend rights and rights upon our liquidation, dissolution or winding up, rank:</p> <p style="padding-left: 40px;">senior to all classes or series of our Common Stock, our Series D Junior Participating Preferred Stock and to all equity securities ranking junior to the Series F Preferred Stock;</p> <p style="padding-left: 40px;">on parity with our 8.5% Series C Preferred Stock, our 8.5% Series E Preferred Stock and all other equity securities to be issued by us, the terms of which specifically provide that such equity securities rank on parity with the Series F Preferred Stock; and</p> <p style="padding-left: 40px;">junior to all our existing and future indebtedness.</p> <p>The term equity securities does not include convertible debt securities, which will rank senior to the Series F Preferred Stock prior to the conversion of such convertible debt securities. There are currently no convertible debt securities outstanding.</p>
Dividends	Dividends on the Series F Preferred Stock offered hereunder are cumulative from and including July 2, 2004 and are payable quarterly in arrears for the period covering the preceding quarter on or before the 15th day of January, April, July and October of each year, at the annual rate of 8% of the \$25.00 liquidation preference per share, equivalent to a fixed annual amount of \$2.00 per share. Dividends on the Series F Preferred Stock will accrue regardless of whether or not we have earnings, whether there are funds legally available for the payment of such dividends and whether or not such dividends are declared.

Liquidation preference	The Series F Preferred Stock will have a liquidation preference of \$25.00 per share, plus an amount equal to any accrued and unpaid dividends thereon.
Optional redemption	The Series F Preferred Stock is not redeemable prior to February 23, 2009, except in limited circumstances to preserve our status as a REIT. On or after February 23, 2009, the Series F Preferred Stock will be redeemable for cash at our option in whole or from time to time in part, at \$25.00 per share, plus accrued and unpaid dividends to the redemption date. See Description of Series F Preferred Stock Redemption.
Voting rights	Holder of the Series F Preferred Stock will generally have no voting rights. However, if dividends on the Series F Preferred Stock or the Series E Preferred Stock are in arrears for six or more quarterly periods, holders of the Series F Preferred Stock (voting separately as a class with all other series of preferred stock upon which like voting rights have been conferred and are exercisable) will be entitled to vote for the election of two additional directors to serve on our Board of Directors until all dividend arrearages have been paid or a sum sufficient for payment thereof is set aside for payment. In addition, some changes that would be materially adverse to the rights of holders of the Series F Preferred Stock outstanding at the time cannot be made without the affirmative vote of the holders of two-thirds of the shares of Series F Preferred Stock, voting as a single class.

Table of Contents

Conversion	The Series F Preferred Stock is not convertible into or exchangeable for any other property or securities.
Restrictions on ownership and transfer	The Series F Preferred Stock will be subject to certain restrictions on ownership and transfer intended to preserve our status as a real estate investment trust or REIT for United States federal income tax purposes.
Listing	Our Series F Preferred Stock is traded on the NYSE under the symbol LTC PrF. We have applied for approval to list on the NYSE the additional shares of Series F Preferred Stock offered hereby.
Use of proceeds	The net proceeds from the sale of the Series F Preferred Stock offered hereby will be used for general corporate purposes which may include investments in and acquisitions of health care properties, the funding of mortgage loans secured by health care properties and payment of various mortgage debt.

S-8

Table of Contents

RISK FACTORS

You should carefully consider the risks described below and in the accompanying prospectus before making an investment decision in our company. The risks and uncertainties described below are not the only ones facing our company and there may be additional risks that we do not presently know of or that we currently consider immaterial. Other important factors are identified in our annual report on Form 10-K for the year ended December 31, 2003, which is 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.

We could incur more debt.

We operate with a policy of incurring debt when, in the opinion of our directors, it is advisable. Accordingly, we could become more highly leveraged. The degree of leverage could have important consequences to stockholders, including affecting our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general corporate purposes and making us more vulnerable to a downturn in business or the economy generally.

Our use of debt financing presents the risk to holders of the Series F Preferred Stock that payments of principal and interest on borrowings will leave us with insufficient cash resources to pay dividends required by the terms of the Series F Preferred Stock or to pay declared dividends on our Common Stock or distributions in respect to capital stock required to be paid in order for us to maintain our qualification as a REIT.

The market value of our Series F Preferred Stock could be substantially affected by various factors.

As with other publicly traded securities, the trading price of our Series F Preferred Stock will depend on many factors, which may change from time to time, including:

the market for similar securities;

the additional issuance of other classes or series of our preferred shares;

general economic and financial market conditions; and

our financial condition, performance and prospects.

S-9

Table of Contents**USE OF PROCEEDS**

The net proceeds from the sale of the 2,640,000 shares of Series F Preferred Stock offered hereby are estimated to be \$60.6 million at an assumed public offering price of \$23.53 per share not including an additional per share amount of \$0.0056 per day for the number of days from and including July 2, 2004 through and including the day of sale, such additional amount being equal to the accrued and unpaid distributions payable with respect to such 8% Series F Preferred Stock of beneficial interest through the date of any such sale. The net proceeds will be used for general corporate purposes which may include investments in and acquisitions of health care properties, the funding of mortgage loans secured by health care properties and payment of various mortgage debt.

CAPITALIZATION

The following table sets forth our capitalization (i) as of March 31, 2004, and (ii) to give proforma effect of the sale 2,640,000 shares of our Series F Preferred Stock offered hereby at an assumed offering price of \$23.53 per share.

	As of March 31, 2004	
	Actual	As adjusted
	(in thousands)	
Cash and cash equivalents:	\$ 3,748	\$ 64,348
Debt:		
Bank borrowings(1)	\$ 12,000	\$ 12,000
Mortgage loans payable	116,998	116,998
Bonds payable and capital lease obligations	14,254	14,254
Senior participation payable	18,046	18,046
Total debt	161,298	161,298
Stockholders' equity		
Preferred Stock, \$0.01 par value; 15,000,000 shares authorized		
Series C Cumulative Convertible Preferred Stock, 2,000,000 shares issued and outstanding	38,500	38,500
Series E Cumulative Convertible Preferred Stock, 2,200,000 shares issued and outstanding(2)	55,000	55,000
Series F Cumulative Preferred Stock, 4,000,000 shares issued and outstanding and 6,640,000 shares issued and outstanding as adjusted	100,000	166,000
Common Stock, \$0.01 par value; 35,000,000 authorized; 18,018,314 shares issued and outstanding(2)(3)(4)	180	180
Capital in excess of par value	255,515	250,115
Cumulative net income	284,849	284,849
Other equity	480	480
Cumulative distributions	(358,402)	(358,402)

Total stockholders' equity	<u>376,122</u>	<u>436,722</u>
Total capitalization	<u>\$ 537,420</u>	<u>\$ 598,020</u>

- (1) As of June 30, 2004, our bank borrowings were \$1.5 million.
- (2) In April 2004, holders of 798,000 shares of Series E Preferred Stock notified us of their election to convert such shares into 1,596,000 shares of Common Stock. On July 14, 2004, holders of 10,800 shares of Series E Preferred Stock notified us of their election to convert such shares into 21,800 shares of Common Stock. After this conversion, we will have a balance of \$34,780,000 of Series E Preferred Stock.
- (3) At our Annual Meeting on May 18, 2004, our stockholders approved an amendment to our Charter increasing our authorized Common Stock to 45,000,000 shares.
- (4) Excludes: (i) 303,176 shares reserved under our 1992 Stock Option Plan and our 1998 Equity Participation Plan; (ii) 500,000 shares reserved under our 2004 Stock Option Plan; (iii) 100,000 shares reserved under our 2004 Restricted Stock Plan; (iv) 697,022 shares reserved for issuance upon conversion of limited partnership interests by certain limited partners of our partnership subsidiaries; (v) 2,000,000 shares reserved for issuance upon the conversion of our Series C Preferred Stock; and (vi) 4,400,000 shares (as of March 31, 2004) reserved for issuance upon the conversion of our Series E Preferred Stock.

S-10

Table of Contents**SELECTED CONSOLIDATED FINANCIAL DATA**

The following selected consolidated financial data for the five years ended December 31, 2003 are derived from our audited consolidated financial statements. The selected consolidated financial data for the three month periods ended March 31, 2004 and March 31, 2003 are derived from our unaudited financial statements. The unaudited financial statements include all adjustments, which we consider necessary for a fair presentation of our financial position and results of operation for these periods. Operating results for the three months ended March 31, 2004 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2004. The data should be read in conjunction with our consolidated financial statements, related notes and other financial information incorporated by reference herein.

	Year ended December 31,					Three months ended March 31,	
	1999	2000	2001	2002	2003	2003	2004
	(in thousands, except per share amounts)						
Revenues	\$ 84,818	\$ 84,364	\$ 68,724	\$ 69,203	63,447	\$ 15,860	\$ 16,960
Expenses:							
Interest expense	21,795	27,183	21,745	21,633	20,877	5,115	3,313
Depreciation and amortization	12,717	14,390	12,987	14,199	12,489	3,063	3,175
Impairment charge	14,939	7,620	19,647	7,097	1,260	1,260	
Operating and other expenses	5,863	5,887	9,099	6,827	7,639	2,188	1,275
Total expenses	55,314	55,080	63,478	49,756	42,265	11,626	7,763
Income before minority interest and other	29,504	29,284	5,246	19,447	21,182	4,234	9,197
Minority interest	(1,018)	(982)	(973)	(1,308)	(1,300)	(321)	(283)
Other income (loss)	1,304				1,970		
Income from continuing operations	29,790	28,302	4,273	18,139	21,852	3,913	8,914
Discontinued operations:							
Gain (loss) from discontinued operations	2,037	(5,655)	(8,741)	(819)	168	(29)	12
Gain on sale of assets, net		8,990	1,560	14,483	2,299		975
Net income (loss) from discontinued operations	2,037	3,335	(7,181)	13,664	2,467	(29)	987
Net income (loss)	31,827	31,637	(2,908)	31,803	24,319	3,884	9,901

Table of Contents**RATIOS OF EARNINGS TO FIXED CHARGES AND EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

The following table sets forth our ratios of earnings to fixed charges and earnings to combined fixed charges and preferred stock dividends for the periods indicated. The ratio of earnings to fixed charges was computed by dividing earnings by our fixed charges. The ratio of earnings to combined fixed charges and preferred stock dividends was computed by dividing earnings by our combined fixed charges and preferred stock dividends. For purposes of calculating these ratios, earnings includes income from continuing operations before minority interest plus fixed charges. Fixed charges consists of interest on all indebtedness and the amortization of debt issue costs.

	Year ended December 31,					Three months ended March 31, 2004
	1999	2000	2001	2002	2003	
Consolidated ratio of earnings to fixed charges (unaudited)	2.25	2.00	1.19	1.79	1.90	3.48
Consolidated ratio of earnings to combined fixed charges and preferred stock dividends (unaudited)	1.35	1.31	0.71	1.08	1.08	1.46

We issued 3,080,000 shares of 9.5% Series A Preferred Stock in March 1997 and redeemed 1,241,480 shares as of December 31, 2003 and redeemed the remaining 1,838,520 shares as of March 25, 2004.

We issued 2,000,000 shares of 9.0% Series B Preferred Stock in December 1997 and redeemed 7,000 shares as of December 31, 2001, redeemed 5,000 shares as of December 31, 2003 and redeemed the remaining 1,988,000 shares as of March 31, 2004.

We issued 2,000,000 shares of 8.5% Series C Cumulative Convertible Preferred Stock in September 1998, 2,200,000 shares of 8.5% Series E Cumulative Convertible Preferred Stock in September, 2003 and 4,000,000 shares of 8.0% Series F Cumulative Preferred Stock in February 2004. During 2001, the total dollar amount of the deficiency in the consolidated ratio of earnings to combined fixed charges and preferred stock dividends was \$10.9 million.

DESCRIPTION OF OUR CAPITAL STOCK

This description of the particular terms of the Series F Preferred Stock supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of the preferred stock set forth in the accompanying prospectus, to which description reference is hereby made.

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:

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

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

4,000,000 shares have been designated as 8.0% Series F Cumulative Preferred Stock;

As of June 30, 2004, 2,000,000, 1,596,000 and 4,000,000 shares of Series C, Series E and Series F, respectively were outstanding. We redeemed 1,241,480 shares of our 9.5% Series A Preferred Stock as of December 31, 2003 and redeemed the remaining 1,838,520 shares as of March 25, 2004. We redeemed 7,000 shares of our 9.0% Series B Preferred

Table of Contents

Stock as of December 31, 2001, 5,000 shares as of December 31, 2003 and redeemed the remaining 1,988,000 shares as of March 31, 2004. Our Board of Directors has reclassified such redeemed shares of Preferred Stock as authorized and unclassified shares of Preferred Stock.

As of July 15, 2004, there were 19,651,947 shares of our Common Stock outstanding.

SERIES C CONVERTIBLE PREFERRED STOCK

Rank

The Series C Preferred Stock ranks, with respect to dividend rights and rights upon liquidation, dissolution or winding up, (i) senior to Common Stock, and to all equity securities ranking junior to the Series C Preferred Stock with respect to dividend rights or rights on liquidation, dissolution or winding up of our company; (ii) on parity with our Series E Preferred Stock, the Series F Preferred Stock and all equity securities that may be issued in the future which rank on a parity with the Series C Preferred Stock, and (iii) junior to all of our existing and future indebtedness. The term "equity securities" does not include convertible debt securities, which will rank senior to the Series C Preferred Stock prior to conversion.

Other terms

Other than as described below, the material rights, preferences and privileges of the Series C Preferred Stock are substantially the same as those of the Series F Preferred Stock offered hereby.

Holders of the Series C Preferred Stock are entitled to receive preferential cumulative cash dividends at the rate of 8.5% per annum of the liquidation preference per share (equivalent to a fixed annual amount of \$1.63625 per share). Dividends are payable quarterly in arrears on each of March 31, June 30, December 31 and December 31. Accrued but unpaid dividends on the Series C Preferred Stock bear interest from the applicable dividend payment date at the prime rate of interest established from time to time in the Wall Street Journal.

Holders of the Series C Preferred Stock are entitled to be paid a liquidation preference of \$19.25 per share, plus dividends, with interest, before any distribution of assets is made to holders of any junior stock as described above in Rank.

Except in certain circumstances relating to our maintenance of the ability to qualify as a REIT, the shares of Series C Preferred Stock are not redeemable.

Whenever any dividend payment on any Series C Preferred Stock is in arrears for more than 10 business days after its dividend payment date, the number of directors then constituting the Board of Directors will be increased by two and the two vacancies will be filled by the Series C Preferred Stock holders voting as one class. Such increase and the right to fill such vacancies is separate and apart from any increase in the number of directors which the holders of the Series E Preferred Stock, the Series F Preferred Stock or any other class or series of preferred stock may be entitled.

In addition, in the case of a preferred dividend default, the holders of Series C Preferred Stock shall be granted voting rights equivalent to those rights of holders of the Common Stock except that the holders of Series C Preferred Stock will not have the right to vote generally in the election of directors but with respect to the election of directors will only have the voting rights as set forth above to elect Series C directors. In such case, the voting rights of the holders of the Series C Preferred Stock would be determined on an as converted basis, determined pursuant to the conversion provisions as described below. These voting rights shall continue only during a Series C Preferred dividend default, and all such rights shall immediately terminate at such time as the Series C Preferred dividend

default ceases to exist.

The Series C Preferred Stock is convertible in whole or in part, at any time at the option of the holders, into shares of Common Stock at a conversion price of \$19.25 per share, subject to adjustments. At June 30, 2004, there was one stockholder of record of our Series C Preferred Stock. This Series C Preferred stockholder has a separate contractual right, outside of the terms of the Series C Preferred Stock, to receive from us should we offer, issue or sell, or enter into any agreement or commitment to issue or sell any debentures, preferred stock or any other equity security convertible into Common Stock at a conversion price of less than \$19.25 per share (as adjusted for stock splits, combinations and similar events) an offer in writing to sell to this Series C Preferred stockholder, on the same terms and conditions and at the same equivalent price, up to the same aggregate principal amount (or any \$1,000 incremental principal amount thereof) of such securities.

S-13

Table of Contents

SERIES E PREFERRED STOCK

The SEC allows us to incorporate by reference the information we file with the SEC, which means we consider incorporated documents to be part of the prospectus supplement and we may disclose important information to you by referring you to those documents. See the section entitled, Documents incorporated by reference below. For a description of our Series E Preferred Stock, we refer you to the description of our Series E Preferred Stock contained in our registration statement on Form 8-A.

SERIES F PREFERRED STOCK

The following summary of the terms and provisions of the Series F Preferred Stock does not purport to be complete and is qualified in its entirety by reference to the pertinent sections in the Articles Supplementary creating the Series F Preferred Stock, which have been filed with the Securities and Exchange Commission, and which are available as described under the heading Where you can find additional information in the accompanying prospectus.

Maturity

The Series F Preferred Stock has no stated maturity and is not subject to any sinking fund or mandatory redemption.

Rank

The Series F Preferred Stock, with respect to dividend rights and rights upon liquidation, dissolution or winding up of our company, ranks (i) senior to our Common Stock, and to all equity securities ranking junior to the Series F Preferred Stock with respect to dividend rights or rights upon liquidation, dissolution or winding up of our company; (ii) on parity with our Series C Preferred Stock, our Series E Preferred Stock and with all equity securities that may be issued by us in the future the terms of which specifically provide that such equity securities rank on a parity with the Series F Preferred Stock with respect to dividend rights or rights upon liquidation, dissolution or winding up of our company, and (iii) junior to all of our existing and future indebtedness. The term equity securities does not include convertible debt securities, which will rank senior to the Series F Preferred Stock prior to the conversion of such convertible debt securities.

Dividends

Holders of shares of the Series F Preferred Stock are entitled to receive, when and as declared by the Board of Directors or a duly authorized committee thereof, out of funds legally available for the payment of dividends, preferential cumulative cash dividends at the rate of 8% per annum of the liquidation preference per share, equivalent to a fixed annual amount of \$2.00 per share.

Dividends on the Series F Preferred Stock offered hereby are cumulative from and including July 2, 2004 and will be payable quarterly in arrears for the period covering the preceding quarter on or before the 15th day of January, April, July and October of each year, or, if not a business day, the next succeeding business day. Such dividend and any dividend payable on the Series F Preferred Stock for any partial dividend period is computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends will be payable to holders of record as they appear in our stock records at the close of business on the applicable record date, which is the last day of the calendar month first preceding the applicable dividend payment date, or on such other date designated by our Board of Directors for the payment of dividends that is not more than 30 nor less than 10 days prior to such dividend payment date.

No dividends on shares of Series F Preferred Stock will be declared by our Board of Directors or any committee thereof or paid or set apart for payment by us at such time as the terms and provisions of any agreement to which we are bound, including any agreement relating to our indebtedness, prohibits such declaration, payment or setting apart for payment or provides that such declaration, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such declaration or payment shall be restricted or prohibited by law.

Notwithstanding the foregoing, dividends on the Series F Preferred Stock accrue whether or not we have earnings, whether or not there are funds legally available for the payment of such dividends and whether or not such dividends are declared. Accrued but unpaid dividends on the Series F Preferred Stock do not bear interest and holders of the Series F Preferred Stock are not entitled to any distributions in excess of full cumulative distributions described above. Except as set forth in the next sentence, no dividends will be declared or paid or set apart for payment on any shares of our capital stock, or any other series of preferred stock ranking, as to dividends, on a parity with or junior to the Series F Preferred Stock (other

Table of Contents

than a dividend in shares of our Common Stock or in shares of any other class of stock ranking junior to the Series F Preferred Stock as to dividends and upon liquidation) for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for such payment on the Series F Preferred Stock for all dividend periods ending prior to or on the most recent past dividend payment date. When dividends are not paid in full for all such dividend periods (or a sum sufficient for such full payment is not so set apart) upon the Series F Preferred Stock and the shares of any other series of preferred stock ranking on a parity as to dividends with the Series F Preferred Stock, all dividends declared upon the Series F Preferred Stock and any other series of our preferred stock ranking on a parity as to dividends with the Series F Preferred Stock will be declared pro rata so that the amount of dividends declared per share of Series F Preferred Stock and such other series of preferred stock, will in all cases bear to each other the same ratio that accrued dividends per share on the Series F Preferred Stock and such other series of our preferred stock ranking on a parity as to dividends with the Series F Preferred Stock (which will not include any accrual in respect of unpaid dividends for prior dividend periods if such preferred stock does not have a cumulative dividend) bear to each other.

Except as provided in the immediately preceding paragraph, unless full cumulative dividends on the Series F Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment for all dividend periods ending prior to or on the most recent past dividend payment date, no dividends (other than in shares of Common Stock or other shares of capital stock ranking junior to the Series F Preferred Stock as to dividends and upon liquidation) will be declared or paid or set aside for payment nor will any other distribution be declared or made upon the Common Stock or any other shares of our capital stock ranking junior to or on a parity with the Series F Preferred Stock as to dividends or upon liquidation, nor will any shares of Common Stock or any other shares of our capital stock ranking junior to or on a parity with the Series F Preferred Stock as to dividends or upon liquidation be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by us (except by conversion into or exchange for other shares of our capital stock ranking junior to the Series F Preferred Stock as to dividends and upon liquidation or redemptions for the purpose of preserving our qualification as a REIT). Holders of shares of the Series F Preferred Stock are not entitled to any dividend, whether payable in cash, property or stock, in excess of full cumulative dividends on the Series F Preferred Stock as provided above. Any dividend payment made on shares of the Series F Preferred Stock will first be credited against the earliest accrued but unpaid dividend due with respect to such shares which remains payable.

Liquidation preferences

Upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of our company, the holders of shares of Series F Preferred Stock are entitled to be paid out of our assets legally available for distribution to our stockholders a liquidation preference of \$25.00 per share, plus an amount equal to any accrued and unpaid dividends to the date of payment, but without interest, before any distribution of assets is made to holders of Common Stock or any other class or series of our capital stock that ranks junior to the Series F Preferred Stock as to liquidation rights. Holders of Series F Preferred Stock are entitled to prompt written notice by us of any event triggering the right to receive such liquidation preference. After payment of the full amount of this liquidation preference, plus any accrued and unpaid dividends to which they are entitled, the holders of Series F Preferred Stock will have no right or claim to any of our remaining assets. The consolidation or merger of our company with or into any other corporation, trust or entity or of any other corporation with or into our company, or the sale, lease or conveyance of all or substantially all of our property or business, will not be deemed to constitute a liquidation, dissolution or winding up of our company.

In determining whether a distribution (other than upon voluntary or involuntary liquidation) by dividend, redemption or other acquisition of shares of our stock or otherwise is permitted under the Maryland General Corporation Law, no effect will be given to amounts that would be needed, if we were to be dissolved at the time of the distribution, to satisfy the preferential rights upon distribution of holders of shares of our stock whose preferential

rights upon distribution are superior to those receiving the distribution.

Redemption

On or after February 23, 2009, we, at our option, upon not less than 30 nor more than 60 days written notice, may redeem shares of the Series F Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus all accrued and unpaid dividends thereon to the date fixed for redemption (except with respect to Excess Shares, See Restrictions on ownership and transfer.), without interest. We, at our option, may also redeem any outstanding series of preferred stock, other than the Series C Preferred Stock, in whole or in part. We may redeem the Series F Preferred Stock or other such series without redeeming any other of our currently outstanding series of preferred stock. The Series F Preferred Stock is not otherwise redeemable prior to February 23, 2009. However, in order to ensure that we

Table of Contents

will continue to meet the requirements for qualification as a REIT, the Series F Preferred Stock is subject to provisions in our Charter pursuant to which our capital stock owned by a stockholder in excess of the applicable ownership limit will be deemed Excess Shares, and we will have the right to purchase such Excess Shares from the holder. See Restrictions on ownership and transfer.

Holders of Series F Preferred Stock to be redeemed will be required to surrender such Series F Preferred Stock at the place designated in such notice and will be entitled to the redemption price and any accrued and unpaid dividends payable upon such redemption following such surrender. If notice of redemption of any shares of Series F Preferred Stock has been given and if the funds necessary for such redemption have been set aside by us in trust for the benefit of the holders of any shares of Series F Preferred Stock so called for redemption, then from and after the redemption date dividends will cease to accrue on such shares of Series F Preferred Stock, such shares of Series F Preferred Stock will no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price. If less than all of the outstanding Series F Preferred Stock is to be redeemed, the Series F Preferred Stock to be redeemed will be selected pro rata (as nearly as may be practicable without creating fractional shares) or by any other equitable method determined by us.

Unless full cumulative dividends on all shares of Series F Preferred Stock shall have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all dividend periods ending prior to or on the most recent past dividend payment date, no shares of Series F Preferred Stock will be redeemed unless all outstanding shares of Series F Preferred Stock are simultaneously redeemed and we will not purchase or otherwise acquire directly or indirectly any shares of Series F Preferred Stock (except by exchange for our capital stock ranking junior to the Series F Preferred Stock as to dividends and upon liquidation).

However, the foregoing will not prevent our purchase of Excess Shares in order to ensure that we continue to meet the requirements for qualification as a REIT, or the purchase or acquisition of shares of Series F Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series F Preferred Stock. So long as no dividends are in arrears, we will be entitled at any time and from time to time to repurchase shares of Series F Preferred Stock in open-market transactions duly authorized by the Board of Directors and effected in compliance with applicable laws.

Notice of redemption will be given by publication in a newspaper of general circulation in the City of New York, such publication to be made once a week for two successive weeks commencing not less than 30 nor more than 60 days prior to the redemption date. A similar notice will be mailed by us, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series F Preferred Stock to be redeemed at their respective addresses as they appear on our stock transfer records. No failure to give such notice or any defect therein or in the mailing thereof will affect the validity of the proceedings for the redemption of any shares of Series F Preferred Stock except as to the holder to whom notice was defective or not given.

Each notice will state:

- (i) the redemption date;
- (ii) the redemption price;
- (iii) the number of shares of Series F Preferred Stock to be redeemed;
- (iv) the place or places where the Series F Preferred Stock is to be surrendered for payment of the redemption price;
and

(v) that dividends on the shares to be redeemed will cease to accrue on such redemption date.

If less than all of the Series F Preferred Stock held by any holder is to be redeemed, the notice mailed to such holder will be required to also specify the number of shares of Series F Preferred Stock held by such holder to be redeemed.

Immediately prior to any redemption of Series F Preferred Stock, we will pay, in cash, any accumulated and unpaid dividends to the redemption date, unless a redemption date falls after a dividend record date and prior to the corresponding dividend payment date, in which case each holder of Series F Preferred Stock at the close of business on such dividend record date will be entitled to the dividend payable on such shares on the corresponding dividend payment date notwithstanding the redemption of such shares before such dividend payment date.

S-16

Table of Contents

The Series F Preferred Stock has no stated maturity and are not subject to any sinking fund or mandatory redemption. However, in order to ensure that we continue to meet the requirements for qualification as a REIT, Series F Preferred Stock acquired by a stockholder in excess of the ownership limit will automatically become Excess Shares, and we will have the right to purchase such Excess Shares from the holder. In addition, Excess Shares may be redeemed, in whole or in part, at any time when outstanding shares of Series F Preferred Stock are being redeemed, for cash at a redemption price of \$25 per share, but excluding accrued and unpaid dividends on such Excess Shares, without interest. Such Excess Shares will be redeemed in such proportion and in accordance with such procedures as shares of Series F Preferred Stock are being redeemed.

Voting rights

Holders of the Series F Preferred Stock do not have any voting rights, except as set forth below.

Whenever dividends on the Series F Preferred Stock or the Series E Preferred Stock are in arrears for six or more quarterly periods the number of directors then constituting the Board of Directors will be increased by two if not already increased by reason of a similar arrearage with respect to the Series E Preferred Stock or any series of preferred stock ranking on parity with the Series F Preferred Stock as to dividends or upon liquidation and upon which like voting rights have been conferred and are exercisable (for convenience the Series E Preferred Stock and such other series of preferred stock are sometimes referred to as voting parity preferred). The holders of such shares of Series F Preferred Stock (voting separately as a class with the voting parity preferred) will then be entitled to vote separately as a class, in order to fill the vacancies thereby created, for the election of a total of two additional directors of our company at a special meeting called by the holders of record of at least 20% of the Series F Preferred Stock or the holders of record of at least 20% of any other series of voting parity preferred so in arrears (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of stockholders) or at the next annual meeting of stockholders, and at each subsequent annual meeting until all dividends accumulated on such shares of Series F Preferred Stock and Series E Preferred Stock for the past dividend periods and the dividend for the then current dividend period have been fully paid or declared and a sum sufficient for the payment thereof set aside for payment. In the event our directors are divided into classes, each such vacancy will be apportioned among the classes of directors to prevent stacking in any one class and to insure that the number of directors in each of the classes of directors, are as equal as possible.

Each director so elected by the holders of the voting parity preferred, as a qualification for election (and regardless of how elected) will be required to submit to our Board of Directors a duly executed, valid, binding and enforceable letter of resignation from the Board of Directors, to be effective upon the date upon which all dividends accumulated on such shares of Series F Preferred Stock and other voting parity preferred in arrears for the past dividend periods and the dividend for the then current dividend period shall have been fully paid or declared and a sum sufficient for the payment set aside for payment. At that time, the terms of office of all persons elected as directors by the holders of the Series F Preferred Stock and the voting parity preferred will terminate, and the number of directors then constituting the Board of Directors shall be reduced accordingly. A quorum for any such meeting will exist if at least a majority of the outstanding shares of Series F Preferred Stock and each other series of voting parity preferred are represented in person or by proxy at such meetings. The directors to be elected by the holders of preferred stock will be elected by the affirmative vote of a plurality of the shares of Series F Preferred Stock (together with such other voting parity preferred) present and voting in person or by proxy at a duly called and held meeting at which a quorum is present.

If and when all accumulated dividends and the dividend for the then current dividend period on the Series F Preferred Stock and Series E Preferred Stock shall have been paid in full or declared and set aside for payment in full, the holders of Series F Preferred Stock will be divested of the foregoing voting rights (subject to revesting in the event of another preferred dividend default allowing for the election of directors by the holders of Series F Preferred Stock).

If all accumulated dividends and the dividend for the then current dividend period have been paid in full or declared and set aside for payment in full on all series of preferred stock upon which like voting rights have been conferred and are exercisable, the term of office of each director so elected by the holders of preferred stock shall terminate. Any director elected by the holders of preferred stock may be removed at any time with or without cause by, and cannot be removed otherwise than by the vote of, the holders of record of a majority of the outstanding shares of the Series F Preferred Stock when they have the voting rights described above (voting separately as a class with the voting parity preferred). So long as a default on the preferred stock dividend continues, any vacancy in the office of a director elected by the holders of preferred stock may be filled by written consent of the director remaining in office previously elected by the holders of preferred stock, or if none remains in office, by a vote of the holders of record of a majority of the outstanding shares of Series F Preferred Stock when they have the voting rights described above (voting separately as a class with the voting parity preferred). The directors elected by the holders of the preferred stock shall each be entitled to one vote per director on any matter.

S-17

Table of Contents

So long as any shares of Series F Preferred Stock remain outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of the shares of the Series F Preferred Stock outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting separately as a class) amend, alter or repeal the provisions of the Charter or the Articles Supplementary creating the Series F Preferred Stock, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series F Preferred Stock or the holders thereof.

However, with respect to the occurrence of any such event set forth in the paragraph above, so long as the Series F Preferred Stock (or any equivalent class or series of stock issued in exchange for the Series F Preferred Stock by the surviving corporation in any merger or consolidation to which we became a party) remains outstanding with the terms thereof materially unchanged, the occurrence of any such event will not be deemed to materially and adversely affect such rights, preferences, privileges or voting power of holders of the Series F Preferred Stock. In addition,

any increase in the amount of the authorized preferred stock or the creation or issuance of any other series of preferred stock, or

any increase in the amount of authorized shares of such series, in each case ranking on a parity with or junior to the Series F Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation dissolution or winding up will not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the Series F Preferred Stock.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required to be effected, all outstanding shares of Series F Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds have been deposited in trust to effect such redemption.

Except as expressly stated in the Articles Supplementary creating the Series F Preferred Stock, the Series F Preferred Stock does not have any relative, participating, optional or other special voting rights and powers, and the consent of the holders thereof will not be required for the taking of any corporate action, including but not limited to, any merger or consolidation involving our company or a sale of all or substantially all of our assets, irrespective of the effect that such merger, consolidation or sale may have upon the rights, preferences or voting power of the holders of the Series F Preferred Stock.

Conversion

The Series F Preferred Stock is not convertible into or exchangeable for any of our other property or securities.

Restrictions on ownership and transfer

In addition to other qualifications, for us to qualify as a REIT, (1) not more than 50% in value of our outstanding capital stock may be owned, actually or constructively, by five or fewer individuals during the last half of our taxable year, and (2) such capital stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year.

To ensure that we continue to meet the requirements for qualification as a REIT, our Charter and the Articles Supplementary creating this Series F Preferred Stock, subject to some exceptions, provide that no holder may own, or be deemed to own by virtue of the attribution provisions of the Code, shares of our Series F Preferred Stock in excess of 9.8% (ownership limit) of the number of then outstanding shares of our Series F Preferred Stock. Our Board of Directors may waive the ownership limit with respect to a stockholder if evidence satisfactory to the Board of

Directors and our tax counsel is presented that the changes in ownership will not then or in the future jeopardize our status as a REIT. Any transfer of capital stock or any security convertible into capital stock that would result in actual or constructive ownership of capital stock by a stockholder in excess of the ownership limit or that would result in our failure to meet the requirements for qualification as a REIT, including any transfer that results in the capital stock being owned by fewer than 100 persons or results in our company being closely held within the meaning of section 856(h) of the Internal Revenue Code, notwithstanding any provisions of our Charter to the contrary, will be null and void, and the intended transferee will acquire no rights to the capital stock. The foregoing restrictions on transferability and ownership will not apply if the Board of Directors determines that it is no longer in our best interest to attempt to qualify, or to continue to qualify, as a REIT.

S-18

Table of Contents

Any shares of our capital stock held by a stockholder in excess of the applicable ownership limit become Excess Shares. Upon shares of any class or series of capital stock becoming Excess Shares, such shares will be deemed automatically to have been converted into a class separate and distinct from their original class and from any other class of Excess Shares. Upon any outstanding Excess Shares ceasing to be Excess Shares, such shares will be automatically reconverted back into shares of their original class or series of capital stock.

The holder of Excess Shares will not be entitled to vote the Excess Shares nor will such Excess Shares be considered issued and outstanding for purposes of any stockholder vote or the determination of a quorum for such vote. The Board of Directors, in its sole discretion, may choose to accumulate all distributions and dividends payable upon the Excess Shares of any particular holder in a non-interest bearing escrow account payable to the holder of the Excess Shares upon such Excess Shares ceasing to be Excess Shares.

In addition, we will have the right to redeem all or any portion of the Excess Shares from the holder at the redemption price, which will be the average market price (as determined in the manner set forth in the Charter) of the capital stock for the prior 30 days from the date we give notice of our intent to redeem such Excess Shares, or as determined by the Board of Directors in good faith. The redemption price will only be payable upon the liquidation of our company and will not exceed the sum of the per share distributions designated as liquidating distributions declared subsequent to the redemption date with respect to unredeemed shares of record of the class from which such Excess Shares were converted. We will rescind the redemption of the Excess Shares in the event that within 30 days of the redemption date, due to a sale of shares by the holder, such holder would not be the holder of Excess Shares, unless such rescission would jeopardize our tax status as a REIT or would be unlawful in any regard.

Each stockholder will upon demand be required to disclose to us in writing any information with respect to the actual and constructive ownership of shares of our capital stock as our Board of Directors deems necessary to comply with the provisions of the Internal Revenue Code applicable to REITs, to comply with the requirements of any taxing authority or governmental agency or to determine any such compliance.

The ownership limit may have the effect of precluding the acquisition of control of our company unless the Board of Directors determines that maintenance of REIT status is no longer in our best interests.

Transfer and dividend paying agent

Computershare Investor Services, LLC acts as the transfer and dividend payment agent for the Series F Preferred Stock and Common Stock and acts as transfer agent, dividend paying agent and conversion agent for the Series E Preferred Stock.

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

GENERAL

The following is a summary of the additional material federal income tax considerations related to the acquisition, ownership, conversion and disposition of our Series F Preferred Stock and to our REIT election which we anticipate may be material to purchasers of our securities offered in this prospectus supplement, and that are not discussed in our annual report on Form 10-K for the year ended December 31, 2003 under the heading Taxation of Our Company. This summary is limited to the tax consequences of those persons who are original owners of the Series F Preferred Stock, who purchase Series F Preferred Stock at its issue price and who hold such Series F Preferred Stock as capital assets within the meaning of Section 1221 of the Internal Revenue Code (or Code). This summary does not purport to deal with all aspects of US federal income taxation that might be relevant to particular stockholders in light of their

particular investment circumstances or status, nor does it address specific tax consequences that may be relevant to particular persons (including, for example, financial institutions, broker-dealers, insurance companies, tax-exempt organizations and persons that have a functional currency other than the US dollar or persons in special situations, such as those who have elected to mark securities to market, or those who hold Series F Preferred Stock as part of a straddle, hedge, conversion transaction, or other integrated investment). In addition, this summary does not address US federal alternative minimum tax consequences or consequences under the tax laws of any state, local or foreign jurisdiction. This summary is based upon the Code, the Treasury Department regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as of the date hereof and all of which are subject to change, possibly on a retroactive basis. We have not sought any ruling from the Internal Revenue Service with respect to the statements made and the conclusions reached in this summary, and we cannot assure you that the IRS will agree with such statements and conclusions.

S-19

Table of Contents

This summary is for general information only. Prospective purchasers of the Series F Preferred Stock are urged to consult their tax advisors concerning the US federal income and other tax consequences to them of acquiring, owning, and disposing of the Series F Preferred Stock, as well as the application of state, local and foreign income and other tax laws.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS RELATING TO BUYING, OWNING AND SELLING OUR SERIES F PREFERRED STOCK

Basis

A stockholder's tax basis in our Series F Preferred Stock will be the amount that the stockholder pays for the Series F Preferred Stock at the time of purchase adjusted to the extent that our distributions are determined to be part or all a return of capital. A stockholder's tax basis will be reduced, but not below zero, for the portion of our distributions deemed to be a return of capital.

Holding periods

A stockholder's holding period for the Series F Preferred Stock will begin on the day after the stockholder buys the Series F Preferred Stock.

Taxation of disposition of our Series F Preferred Stock

Upon the sale, exchange or other disposition of our Series F Preferred Stock, a stockholder generally will recognize taxable gain or loss equal to the difference between (i) the sum of cash plus the fair market value of all other property received in on such disposition and (ii) such stockholder's adjusted tax basis in the Series F Preferred Stock.

Gain or loss recognized on the disposition of our Series F Preferred Stock generally will be capital gain or loss, and will be long-term capital gain or loss if, at the time of such disposition, the stockholder's holding period is more than 12 months. However, any loss upon sale or exchange of Series F Preferred Stock by a stockholder who has held such stock for six months or less will be treated as a long-term capital loss to the extent our distributions are required to be treated by such stockholder as long-term capital gain. The maximum federal long-term capital gain rate is 15% for non-corporate stockholders for taxable years ending on or before December 31, 2008, and 20% thereafter and 35% for corporate stockholders. The deductibility of capital losses by stockholders is subject to limitations.

Taxation of cash redemption of Series F Preferred Stock

A cash redemption of shares of the Series F Preferred Stock will be treated under Section 302 of the Code as a distribution taxable as a dividend (to the extent of our current and accumulated earnings and profits) at ordinary income rates unless the redemption satisfies one of the tests set forth in Section 302(b) of the Code and is therefore treated as a sale or exchange of the redeemed stock. The cash redemption will be treated as a sale or exchange if it (i) is substantially disproportionate with respect to the holder, (ii) results in a complete termination of the holder's stock interest in our company, or (iii) is not essentially equivalent to a dividend with respect to the holder, all within the meaning of Section 302(b) of the Code. In determining whether any of these tests have been met, shares of capital stock (including Common Stock and other equity interests in our company) considered to be owned by the holder by reason of constructive ownership rules set forth in the Code, as well as shares of capital stock actually owned by the holder, must generally be taken into account. Because the determination as to whether any of the alternative tests of Section 302(b) of the Code will be satisfied with respect to any particular holder of the Series F Preferred Stock depends upon the facts and circumstances at the time that the determination must be made, prospective holders of the Series F Preferred Stock are advised to consult their own tax advisors to determine such tax treatment.

If a cash redemption of shares of the Series F Preferred Stock is not treated as a distribution taxable as a dividend to a particular holder, it will be treated, as to that holder, as a taxable sale or exchange. As a result, such holder will recognize gain or loss for federal income tax purposes in an amount equal to the difference between (i) the amount of cash and the fair market value of any property received (less any portion thereof attributable to accumulated but unpaid dividends, which will be taxable as a dividend to the extent of our current and accumulated earnings and profits), and (ii) the holder's adjusted basis in the shares of the Series F Preferred Stock for tax purposes. Such gain or loss will be capital gain or loss if the shares of the Series F Preferred Stock have been held as a capital asset, and, with respect to a non-corporate US stockholder, such gain or loss will be long-term capital gain or loss if at the time of redemption, the shares were held for more than 12 months. However, any loss recognized by a stockholder who has held our Series F Preferred Stock for six months or less will be

S-20

Table of Contents

treated as a long term loss to the extent our distributions are required to be treated by such stockholder as long term capital gain.

If a cash redemption of shares of the Series F Preferred Stock is treated as a distribution taxable as a dividend, the amount of the distribution will be measured by the amount of cash and the fair market value of any property received by the holder. The holder's adjusted basis in the redeemed shares of the Series F Preferred Stock for tax purposes will be transferred to the holder's remaining shares of our capital stock, if any. If the holder owns no other shares of our capital stock, such basis may, under some circumstances, be transferred to a related person or it may be lost entirely.

Redemption premium

Under Section 305(c) of the Code and applicable Treasury Regulations, if the redemption price of the Series F Preferred Stock exceeds its issue price the difference known as a redemption premium may be taxable as a constructive distribution on the Series F Preferred Stock to the holder (treated as a dividend to the extent of our current and accumulated earnings and profits and otherwise subject to the treatment described above for distributions) over a certain period. Because Series F Preferred Stock provides for an optional right of redemption by us at a price that may exceed the issue price, stockholders could be required to recognize such redemption premium under a constant interest rate method similar to that for accruing original issue discount if, based on all of the facts and circumstances, the optional redemption is more likely than not to occur. If stock may be redeemed at more than one time, the time and price at which such redemption is most likely to occur must be determined based on all of the facts and circumstances. Applicable Treasury Regulations provide a safe harbor under which a right to redeem will not be treated as more likely than not to occur if (i) the issuer and the stockholder are not related within the meaning of such regulations; (ii) there are no plans, arrangements, or agreements that effectively require or are intended to compel the issuer to redeem the stock (disregarding, for this purpose, a separate mandatory redemption), and (iii) exercise of the right to redeem would not reduce the yield of the stock, as determined under the regulations. Regardless of whether the optional redemption is more than likely not to occur, constructive dividend treatment will not result if the redemption premium does not exceed a de minimis amount. We intend to take the position that the existence of our optional redemption right does not result in a constructive distribution to the holders of Series F Preferred Stock.

CERTAIN INCOME TAX CONSIDERATIONS RELATING TO OUR REIT ELECTION

Taxation of a REIT

We have elected to be taxed as a REIT under Sections 856 through 860 of the Code. We believe that we have been organized and have operated in such a manner as to qualify for taxation as a REIT under the Code commencing with our taxable year ending December 31, 1992. We intend to continue to operate in such a manner, but there is no assurance that we have operated or will continue to operate in a manner so as to qualify or remain qualified.

The sections of the Code and corresponding Treasury Regulations that relate to qualification, operation, and taxation of REITs and their stockholders are highly technical and complex. Our annual report on Form 10-K for the year ended December 31, 2003 under the heading "Taxation of Our Company" sets forth the material aspects of the sections that govern the federal income tax treatment of a REIT.

In the opinion of Reed Smith, LLP, our legal tax counsel, we have been organized in conformity with the requirements for qualification as a REIT, and our method of operation will enable us to meet the requirements for continued qualification and taxation as a REIT under the Code. This opinion is based on various factual assumptions relating to our organization and operation, and is conditioned upon certain representations made by us as to factual matters. In addition, this opinion is based upon our factual representations concerning our business and properties as set forth in this prospectus supplement and will assume that the actions described in this prospectus supplement have

been completed as described. Moreover, our qualification and taxation as a REIT depends upon our ability to meet, through actual annual operating results, distribution levels, diversity of share ownership and the various qualification tests imposed under the Code, the results of which have not been and will not be reviewed by our tax counsel.

Accordingly, no assurance can be given that our actual results of operation for any particular taxable year will satisfy such requirements. Further, the anticipated income tax treatment described in our annual report on Form 10-K for the year ended December 31, 2003 and this prospectus supplement may be changed, perhaps retroactively, by legislative or administrative action at any time.

If we continue to qualify for taxation as a REIT, we generally will not be subject to federal corporate income taxes on our net income that is currently distributed to our stockholders. This treatment substantially eliminates the double taxation (once at the corporate level when earned and once at stockholder level when distributed) that generally results from investment in a non-REIT corporation. However, we will be subject to federal income tax as follows:

S-21

Table of Contents

First, we will be taxed at regular corporate rates on any undistributed taxable income, including undistributed net capital gains.

Second, under certain circumstances, we may be subject to the alternative minimum tax, if our dividend distributions are less than our alternative minimum taxable income.

Third, if we have (i) net income from the sale or other disposition of foreclosure property which is held primarily for sale to customers in the ordinary course of business or (ii) other non-qualifying income from foreclosure property, we may elect to be subject to tax at the highest corporate rate on such income, if necessary to maintain our REIT status.

Fourth, if we have net income from prohibited transactions (which are, in general, certain sales or other dispositions of property (other than foreclosure property) held primarily for sale to customers in the ordinary course of business), such income will be subject to a 100% tax.

Fifth, if we fail to satisfy the 75% gross income test or the 95% gross income test, but nonetheless maintain our qualification as a REIT because certain other requirements have been met, we will be subject to a 100% tax on an amount equal to (a) the gross income attributable to the greater of the amount by which we fail the 75% or 95% test multiplied by (b) a fraction intended to reflect our profitability.

Sixth, if we fail to distribute during each calendar year at least the sum of (i) 85% of our ordinary income for such year, (ii) 95% of our REIT capital gain net income for such year, and (iii) any undistributed taxable income from prior periods, we will be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed.

Seventh, if we acquire an asset which meets the definition of a built-in gain asset from a corporation which is or has been a C corporation (i.e., generally a corporation subject to full corporate-level tax) in certain transactions in which the basis of the built-in gain asset in our hands is determined by reference to the basis of the asset in the hands of the C corporation, and if we subsequently recognize gain on the disposition of such asset during the ten-year period, called the recognition period, beginning on the date on which we acquired the asset, then, to the extent of the built-in gain (i.e., the excess of (a) the fair market value of such asset over (b) our adjusted basis in such asset, both determined as of the beginning of the recognition period), such gain will be subject to tax at the highest regular corporate tax rate, pursuant to IRS regulations.

Pursuant to applicable Treasury Regulations, in order to be able to elect to be taxed as a REIT, we must maintain certain records and request certain information from our stockholders designed to disclose the actual ownership of our stock. We intend to comply with these requirements.

Qualifying rents

Rents that we receive will qualify as rents from real property in satisfying the gross income requirements for a REIT described in our annual report Form 10-K for the year ended December 31, 2003, only if several conditions are met. First, the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term rents from real property solely by reason of being based on a fixed percentage or percentages of receipts or sales. Second, the Code provides that rents received from a tenant will not qualify as rents from real property in satisfying the gross income tests if we, or an actual or constructive owner of 10% or more of us, actually or constructively owns 10% or more of a tenant. Third, if rent attributable to personal property, leased in connection with a lease of real property, is greater than 15% of the total rent received under the lease, then the portion of rent attributable to such personal property will not qualify as rents

from real property. Rent attributable to personal property is the amount which bears the same ratio to the total rent under the lease as the fair market values of personal property bears to the fair market values of both the real and personal property under the lease. Finally, for rents received to qualify as rents from real property, we generally must not operate or manage the property or furnish or render services to the tenants of such property, other than through a taxable REIT subsidiary or TRS or an independent contractor from whom we derive no revenue. We may, however, directly perform certain services that are usually or customarily rendered in connection with the rental of space for occupancy only and are not otherwise considered rendered to the occupant of the property. In addition we may render a de minimus amount of impermissible services to tenants, or in connection with the management of property and treat amounts received as gross income from the real property, if such amount does not exceed 1% of the gross income from the property and the services are valued at not less than 150% of our costs to provide the services. We have not and will not (i) charge rent for any property that is based in whole or in part on the income or profits of any person (except by reason of being based on a percentage of receipts or sales, as described above or unless our Board of Directors determines in its

S-22

Table of Contents

discretion that the rent received on such property is not material and will not jeopardize our status as a REIT), (ii) rent any property to a related party tenant (unless our Board of Directors determines in its discretion that the rent received from a related party tenant is not material and will not jeopardize our status as a REIT) or (iii) directly perform services considered to be rendered to the occupant of property unless provided by our TRS or unless subject to classification as de minimus.

LEGISLATIVE DEVELOPMENTS

On May 28, 2003, President Bush signed into law the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Jobs and Growth Tax Relief Reconciliation Act of 2003 generally will reduce the maximum tax rate applicable to non-corporate stockholders on capital gains recognized on the sale or other disposition of shares of the Series F Preferred Stock from 20% to 15%.

The Jobs and Growth Tax Relief Reconciliation Act of 2003 also generally will reduce the maximum marginal rate of tax payable by individuals on dividends received from corporations that are subject to a corporate level of tax. Except in limited circumstances, this reduced tax rate will not apply to dividends paid to you by us on shares of the Series F Preferred Stock, because generally we are not subject to federal income tax on the portion of our REIT taxable income or capital gains distributed to our stockholders. The reduced maximum federal income tax rate will apply to that portion, if any, of dividends received by you with respect to the Series F Preferred Stock that are attributable to (1) dividends received by us from non-REIT corporations or other taxable REIT subsidiaries, (2) income from the prior year with respect to which we were required to pay federal corporate income tax during the prior year (if, for example, we did not distribute 100% of our REIT taxable income for the prior year) and (3) distributions by us that we designate as long-term capital gains dividends (except for some distributions taxable to you at a maximum rate of 25%).

The dividend and capital gains tax rate reductions provided in the Jobs and Growth Tax Relief Reconciliation Act of 2003 generally are effective for taxable years ending on or after May 6, 2003 through December 31, 2008. Without future legislative changes, the maximum long-term capital gains and dividend rates discussed above will increase in 2009.

These legislative changes affect the discussion in our annual report on Form 10-K for the fiscal year ended December 31, 2003 under the heading "Taxation of Our Company" to the extent that section describes applicable long-term capital gains tax rates, the taxation of dividends and then-recent legislation.

TAXATION OF TAXABLE DOMESTIC STOCKHOLDERS

As long as we qualify as a REIT, distributions made to our taxable US stockholders out of current or accumulated earnings and profits (and not designated as capital gain dividends) will be taken into account by such US stockholders as ordinary income and will not be eligible for the dividends received deduction for corporations. Distributions that are designated as capital gain dividends will be taxed as long-term capital gains (to the extent they do not exceed our actual net capital gain for the taxable year or are designated as unrecaptured § 1250 gain distributions, which are taxable at a 25% rate) without regard to the period for which the stockholder has held its stock. However, corporate stockholders may be required to treat up to 20% of certain capital gain dividends as ordinary income.

Distributions in excess of current and accumulated earnings and profits will not be currently taxable to a stockholder to the extent that they do not exceed the adjusted basis of the stockholder's stock, but rather will reduce the adjusted basis of such stock. To the extent that distributions in excess of current and accumulated earnings and profits exceed the adjusted basis of a stockholder's stock, such distributions will be included in income as long-term capital gain (or short-term capital gain if the stock have been held for one year or less) assuming the stock is a capital asset in

the hands of the stockholder. In addition, any distribution declared in October, November or December of any year and payable to a stockholder of record on a specified date in any such month, will be treated as both paid by us and received by the stockholder on December 31 of the applicable year, provided that we actually pay the distribution during January of the following calendar year. Stockholders may not include in their individual income tax returns any of our net operating losses or capital losses.

In general, gain or loss recognized on the disposition of our Series F Preferred Stock will be a capital gain or loss and will be long-term capital gain or loss, if at the time of such disposition, the stockholder's holding period (after applying certain holding period rules) is more than 12 months. However, any loss upon a sale or exchange of our Series F Preferred Stock by a stockholder who has held such stock for six months or less will be treated as a long-term capital loss to the extent our distributions are required to be treated by such stockholder as long-term capital gain.

Table of Contents

Backup withholding

We will report to our US stockholders and the IRS the amount of distributions paid during each calendar year, and the amount of tax withheld, if any. Under the backup withholding rules, a stockholder may be subject to backup withholding with respect to distributions paid unless such holder (a) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or (b) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable requirements of the backup withholding rules. The amount of such withholding will be equal to the product of the fourth lowest rate applicable to single filers and the amount of the distribution. This rate is 28% for tax years beginning in 2003. Any amount paid to the IRS as backup withholding will be creditable against the stockholder's income tax liability. In addition, we may be required to withhold a portion of capital gain distributions to any stockholders who fail to certify their non-foreign status to us. See Taxation of foreign stockholders. A stockholder that does not provide us with his correct taxpayer identification number may also be subject to penalties imposed by the IRS.

TAXATION OF TAX-EXEMPT STOCKHOLDERS

In general, a stockholder that is a tax-exempt entity not subject to tax on its investment income will not be subject to tax on our distributions. In Revenue Ruling 66-106, 1966-1 C.B. 151, the IRS ruled that amounts distributed as dividends by a REIT do not constitute unrelated business taxable income as defined in the Code when received by a qualified plan. Based on that ruling, regardless of whether we incur indebtedness in connection with the acquisition of properties, our distributions paid to a stockholder that is a tax-exempt entity will not be treated as unrelated business taxable income, provided that (i) the tax-exempt entity has not financed the acquisition of its stock with acquisition indebtedness within the meaning of the Code and the stock otherwise is not used in an unrelated trade or business of the tax-exempt entity and (ii) we are not a pension-held REIT. This ruling applies to a stockholder that is an organization that qualifies under Code Section 401(a), an IRA or any other tax-exempt organization that would compute unrelated business taxable income, if any, in accordance with Code Section 512(a)(1). However, if we are a pension-held REIT and a qualified plan owns more than 10% of the value of all of our stock, such stockholder will be required to recognize as unrelated business taxable income that percentage of the dividends that it receives from us as is equal to the percentage of our gross income that would be unrelated business taxable income to us if we were a tax-exempt entity required to recognize unrelated business taxable income. A REIT is a pension-held REIT if at least one qualified trust holds more than 25% of the value of all of our stock or one or more qualified trusts, each of whom own more than 10% of the value of all of our stock, hold more than 50% of the value of all of our stock.

For social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans exempt from federal income taxation under Code Sections 501(c)(7), (c)(9), (c)(17) and (c)(20), respectively, income from an investment in us will constitute unrelated business taxable income unless the organization is able to deduct amounts set aside or placed in reserve for certain purposes so as to offset the unrelated business taxable income generated by its investment in us. Such prospective stockholders should consult their own tax advisors concerning these set aside and reserve requirements.

TAXATION OF FOREIGN STOCKHOLDERS

The rules governing US federal income taxation of nonresident alien individuals, foreign corporations, foreign partnerships and other foreign stockholders are complex. We have not attempted to provide more than a summary of these rules. Prospective non-US stockholders should consult with their own tax advisors to determine the impact of federal, state and local income tax laws with regard to an investment in stock, including any reporting requirements.

Distributions that are not attributable to gain from our sales or exchanges of US real property interests and not designated by us as capital gains dividends will be treated as dividends of ordinary income to the extent that they are

made out of our current or accumulated earnings and profits. Such distributions will ordinarily be subject to a withholding tax equal to 30% of the gross amount of the distribution unless an applicable tax treaty reduces or eliminates that tax. However, if income from the investment in the stock is treated as effectively connected with the non-US stockholder's conduct of a US trade or business, the non-US stockholder generally will be subject to a tax at graduated rates, in the same manner as US stockholders are taxed with respect to such distributions and may also be subject to the 30% branch profits tax in the case of a stockholder that is a foreign corporation. We expect to withhold US income tax at the rate of 30% on the gross amount of any such distributions made to a non-US stockholder unless (i) a lower treaty rate applies and the holder provides us with a properly executed IRS Form W-8BEN (or successor form) or (ii) the non-US stockholder provides us with a properly executed IRS Form W-8ECI (or successor form) claiming that the distribution is effectively connected income.

S-24

Table of Contents

Distributions in excess of our current and accumulated earnings and profits will not be taxable to a stockholder to the extent that such distributions do not exceed the adjusted basis of the stockholder's stock, but rather will reduce the adjusted basis of such stock. To the extent that distributions in excess of current accumulated earnings and profits exceed the adjusted basis of a non-US stockholder's stock, such distributions will give rise to tax liability if the non-US stockholder would otherwise be subject to tax on any gain from the sale or disposition of our stock, as described below. If it cannot be determined at the time a distribution is made whether or not distributions will be in excess of current and accumulated earnings and profit, the distributions will be subject to withholding at the same rate as dividends. However, amounts thus withheld are refundable if it is subsequently determined that such distribution was, in fact, in excess of our current and accumulated earnings and profits.

For any year in which we qualify as a REIT, distributions that are attributable to gain from our sales or exchanges of US real property interests will be taxed to a non-US stockholder under the provisions of the Foreign Investment in Real Property Tax Act of 1980 or FIRPTA. Under FIRPTA, distributions attributable to gain from sales of US real property interests are taxed to a non-US stockholder as if such gain were effectively connected with a US business. Non-US stockholders would thus be taxed at the normal capital gain rates applicable to US stockholders (subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals). Also, distributions subject to FIRPTA may be subject to a 30% branch profits tax if a foreign corporate stockholder is not entitled to treaty exemption. We are required by applicable Treasury Regulations to withhold 35% for foreign individuals and 35% for foreign corporations of any distribution that we could designate as a capital gains dividend. This amount is creditable against the non-US stockholder FIRPTA tax liability. If we designate prior distributions as capital gains dividends, then subsequent distributions up to the amount of such prior distributions will be treated as capital gains dividends for purposes of withholding.

Gain recognized by a non-US stockholder upon a sale of our Series F Preferred Stock generally will not be taxed under FIRPTA if we are a domestically controlled real estate investment trust, defined generally as a real estate investment trust in which at all times during a specified testing period less than 50% in value of the stock were held directly or indirectly by foreign persons. We currently anticipate that we will be a domestically controlled real estate investment trust, and therefore the sale of stock will not be subject to taxation under FIRPTA. Additionally, the sale of our Series F Preferred Stock will not be taxed under FIRPTA if the class of stock is regularly traded on an established securities market and the selling non-US stockholder has not held more than 5% of the class of stock at any time during the preceding five-year period. However, gain not subject to FIRPTA will be taxable to a non-US stockholder if the investment in the stock is effectively connected with the non-US stockholder's US trade or business, in which case the non-US stockholder will be subject to the same treatment as US stockholders with respect to such gain. Also, if the non-US stockholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a tax home in the United States, the nonresident alien individual will be subject to a 30% tax (unless reduced by treaty) on the individual's capital gains. A non-resident alien individual could, however, elect to treat such gain as effectively connected income and pay tax as a US stockholder would. If the gain on the sale of stock were to be subject to taxation under FIRPTA, the non-US stockholder will be subject to the same treatment as US stockholders with respect to such gain.

If the proceeds of a disposition of our Series F Preferred Stock are paid by or through a US office of a broker, the payment is subject to information reporting and to backup withholding unless the disposing non-US stockholder certifies as to his name, address and non-US status or otherwise establishes an exemption. Generally, US information reporting and backup withholding will not apply to a payment of disposition proceeds if the payment is made outside the United States through a non-US office of a non-US broker. US information reporting requirements (but not backup withholding) will apply, however, to a payment of disposition proceeds outside the United States if (i) the payment is made through an office outside the United States of a broker that is either (a) a US person, (b) a foreign person that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, (c) a controlled foreign corporation for US federal income tax purposes, or (d) a foreign partnership more than

50% of the capital or profits of which is owned by one or more US persons or which engages in a US trade or business and (ii) the broker fails to initiate documentary evidence that the stockholder is a non-US stockholder and that certain conditions are met or that the non-US stockholder otherwise is entitled to an exemption.

OTHER TAX CONSEQUENCES

We and our stockholders may be subject to state or local taxation in various state or local jurisdictions, including those in which we or they transact business or reside. Our state and local tax treatment and the state and local tax treatment of our stockholders may not conform to the federal income tax consequences discussed above. Consequently, prospective stockholders should consult their own tax advisors regarding the effect of state and local tax laws on an investment in us.

S-25

Table of Contents

STATEMENT OF SHARE OWNERSHIP

We must obtain annual written statements from any of our record holders who hold certain percentages of our stock disclosing the actual owners of our stock. Any record holder who fails to provide us with this information must include certain specified information relating to ownership of our share in his federal income tax return. We must also maintain permanent records with the Internal Revenue Service showing the information we receive relating to the actual ownership of our stock and a list of holders who fail to provide us with this information.

PLAN OF DISTRIBUTION

We have agreed to engage Cohen & Steers Capital Advisors, LLC, which we sometimes refer to as Cohen & Steers, as a placement agent for this offering. Cohen & Steers (and certain subadvisors it may engage in connection with the offering) may be an underwriter within the meaning of the Securities Act of 1933, as amended, in connection with its activities in connection with this offering.

Cohen & Steers has no commitment to purchase any of our Series F Preferred Stock and will act only as an agent in obtaining indications of interest in our Series F Preferred Stock from certain investors. We agreed to pay the placement agent a fee equal to the sum of (i) 2% of the gross proceeds that we receive from non-affiliates of the placement agent and (ii) 1% of the gross proceeds we receive from affiliates of the placement agent. In addition, we have agreed to reimburse the placement agent for up to \$50,000 in expenses incurred in connection with this offering. We and the placement agent will each pay certain expenses relating to the offering.

In a placement agent agreement to be entered into with Cohen & Steers in connection with the offering, we agree to indemnify Cohen & Steers and each of its partners, directors, officers, associates, affiliates, subsidiaries, employees, consultants, attorneys and advisors, and each person, if any, controlling Cohen & Steers and any of its affiliates, against liabilities resulting from this offering and to contribute to payments Cohen & Steers may be required to make for these liabilities.

In connection with this offering, Cohen & Steers may engage broker-dealers as sub-placement agents to participate in the placement of the Series F Preferred Stock. Such sub-placement agents may receive a portion of the placement agent fee to be paid to Cohen & Steers as well as other compensation and fees.

In the ordinary course of business, Cohen & Steers, and/or one or more of the sub-placement agents referred to above, and their respective affiliates have or may have engaged, and may in the future engage, in financial advisory, investment banking and other transactions with us for which customary compensation has been, and will be paid.

Subject to the terms and conditions of purchase agreements dated the date hereof, with respect to which Cohen & Steers acted as placement agent, certain institutional investors and other purchasers have agreed to purchase, and we have agreed to sell, 2,640,000 Series F Preferred Stock at a price of \$23.53 per share plus an additional amount of \$0.0056 per day for the number of days from and including July 2, 2004 through and including the day of sale (with any included completed calendar month being deemed to have 30 days), such additional amount being equal to the accrued and unpaid distributions with respect to such 8% Series F Preferred Stock of beneficial interest through the date of any such sale. The purchase agreement provides that the obligations of the purchasers to purchase these shares included in this offering are subject to customary closing conditions. We have applied to list the additional shares of Series F Preferred Stock on the New York Stock Exchange. The purchase agreements provide that we are to use our reasonable best efforts to obtain such approval within 30 days of the issuance of the additional shares of Series F Preferred Stock, or if not, as soon as practicable thereafter. However, no assurance can be given that the application will be approved.

Jefferies & Company, Inc. is acting as settlement agent in connection with the sale of our Series F Preferred Stock under the purchase agreement and will receive a fee of \$26,400 from Cohen & Steers.

In February 2004 we issued 4,000,000 shares of Series F Preferred Stock at a public offering price of \$25.00 per share. Cohen & Steers acted as placement advisor in connection with that offering and received a placement fee of \$1,000,000 and an additional fee of \$104,600 for arranging for the sale through a sub-placement advisor of our Series F Preferred Stock to certain retail accounts. Jefferies & Company, Inc. acted as settlement agent in that offering and received a fee of \$40,000.

After paying the fees to the placement agent and other estimated expenses, we anticipate receiving approximately \$60.6 million in net proceeds from the sale of 2,640,000 shares of our Series F Preferred Stock in this offering.

S-26

Table of Contents

LEGAL MATTERS

Certain legal matters relating to this offering will be passed upon for us by Reed Smith LLP, New York, New York, and certain matters with respect to Maryland law, including the validity of the shares of the securities offered hereby, will be passed upon for us by Ballard Spahr Andrews & Ingersoll, LLP, Baltimore, Maryland. Reed Smith LLP will rely upon the opinion of the Ballard Spahr Andrews & Ingersoll, LLP as to matters of Maryland law.

EXPERTS

The consolidated financial statements and schedules of LTC Properties, Inc. appearing in our annual report on Form 10-K for the year ended December 31, 2003 have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and which is incorporated herein by reference. Such consolidated financial statements and schedules are incorporated herein by reference in reliance on such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy the registration statement and any reports, statements or other information on file at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. You can request copies of those documents upon payment of a duplicating fee to the SEC. You may also review a copy of the registration statement at the SEC's regional offices in Chicago, Illinois and New York, New York. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. You can review our SEC filings and the registration statement by accessing the SEC's Internet site at <http://www.sec.gov>, as well as on our website at <http://www/ltcproperties.com>. Information on our website is not incorporated by reference herein and our web address is included as an inactive textual reference only.

You can also inspect our reports, proxy statements and other information about us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to incorporate by reference the information we file with the SEC, which means:

we consider incorporated documents to be part of the prospectus;

we may disclose important information to you by referring you to those documents; and

information we subsequently file with the SEC will automatically update and supersede the information in this prospectus.

This prospectus incorporates by reference the following documents:

Quarterly reports on Form 10-Q for the quarterly period ended March 31, 2004.

Definitive proxy statement for the annual meeting of stockholders held on May 18, 2004.

Edgar Filing: LTC PROPERTIES INC - Form 424B5

All subsequent documents filed by us under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934 after the date of this prospectus and before the termination of the offering.

This prospectus and the documents incorporated by reference summarize certain material provisions of contracts and other documents to which we refer. Since this prospectus may not contain all the information that you may find important, you should review the full text of those documents. Upon request, we will provide each person receiving this prospectus a free copy, without exhibits, of any or all documents incorporated by reference into this prospectus. You may direct such requests to:

Alex J. Chavez
Senior Vice President and Corporate Secretary
LTC Properties, Inc.
22917 Pacific Coast Hwy, Suite 350
Malibu, California 90265
Telephone Number: (310) 455-6010

S-27

Table of Contents

PROSPECTUS

\$200,000,000

LTC PROPERTIES, INC.
DEBT SECURITIES, PREFERRED STOCK
AND COMMON STOCK

LTC Properties, Inc. may from time to time offer in one or more series (i) our debt securities, (ii) shares of our Preferred Stock, \$0.01 par value per share and (iii) shares of our Common Stock, \$0.01 par value per share, with an aggregate public offering price of up to \$200,000,000 on terms to be determined at the time of the offering. Our debt securities, our Preferred Stock and our Common Stock (collectively referred to as our securities), may be offered, separately or together, in separate series, in amounts, at prices and on terms that will be set forth in one or more prospectus supplements to this prospectus.

The specific terms of the securities with respect to which this prospectus is being delivered will be set forth in the applicable prospectus supplement and will include, where applicable:

in the case of our debt securities, the specific title, aggregate principal amount, currency, form (which may be registered, bearer, certificated or global), authorized denominations, maturity, rate (or manner of calculating the rate) and time of payment of interest, terms for redemption at our option or repayment at the holder's option, terms for sinking fund payments, terms for conversion into shares of our Preferred Stock or Common Stock, covenants and any initial public offering price;

in the case of our Preferred Stock, the specific designation, preferences, conversion and other rights, voting powers, restrictions, limitations as to transferability, dividends and other distributions and terms and conditions of redemption and any initial public offering price; and

in the case of our Common Stock, any initial public offering price.

In addition, the specific terms may include limitations on actual, beneficial or constructive ownership and restrictions on transfer of the securities, in each case as may be appropriate to preserve our status as a real estate investment trust, or REIT, for federal income tax purposes. The applicable prospectus supplement will also contain information, where applicable, about United States federal income tax considerations, and any exchange listing of the securities covered by the prospectus supplement.

Our stock Common Stock is traded on the New York Stock Exchange (or NYSE) under the symbol LTC. Our executive offices are located at 22917 Pacific Coast Hwy, Suite 350, Malibu, California 90265, telephone number: 310-455-6010, facsimile: 805-981-8663 and web site: www.ltcproperties.com.

Our securities may be offered directly, through agents designated from time to time by us, or to or through underwriters or dealers. If any agents or underwriters are involved in the sale of any of our securities, their names, and any applicable purchase price, fee, commission or discount arrangement between or among them and us, will be set forth in the applicable prospectus supplement. None of our securities may be sold without delivery of the applicable prospectus supplement describing the method and terms of the offering of those securities.

Investing in our securities involve certain risks. See **Risk Factors** beginning on page 6.

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

criminal offense.

The date of this prospectus is April 5, 2004

1

TABLE OF CONTENTS

	Page
<u>ABOUT THIS PROSPECTUS</u>	2
<u>FORWARD-LOOKING STATEMENTS</u>	3
<u>WHERE YOU CAN FIND ADDITIONAL INFORMATION</u>	4
<u>DOCUMENTS INCORPORATED BY REFERENCE</u>	4
<u>ABOUT OUR COMPANY</u>	5
<u>OUR STRATEGY</u>	6
<u>RISK FACTORS</u>	6
<u>USE OF PROCEEDS</u>	13
<u>RATIOS OF EARNINGS TO FIXED CHARGES AND EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS</u>	14
<u>GENERAL DESCRIPTION OF THE OFFERED SECURITIES</u>	14
<u>DESCRIPTION OF DEBT SECURITIES</u>	15
<u>DESCRIPTION OF OUR COMMON STOCK</u>	21
<u>DESCRIPTION OF OUR PREFERRED STOCK</u>	22
<u>RESTRICTIONS ON OWNERSHIP AND TRANSFER</u>	27
<u>CERTAIN PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS</u>	28
<u>CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS</u>	30
<u>PLAN OF DISTRIBUTION</u>	42
<u>LEGAL MATTERS</u>	44
<u>EXPERTS</u>	44

In this prospectus, unless otherwise indicated, the company, we, us and our refer to LTC Properties, Inc. and our consolidated subsidiaries.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (or SEC) utilizing a shelf registration process. Under this shelf registration process, we may sell any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of \$200,000,000. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading Where You Can Find Additional Information.

You should rely only on the information contained and incorporated by reference in this prospectus. Neither we nor the underwriters have authorized any other person to provide you with different or inconsistent information from that contained in this prospectus and the applicable prospectus supplement. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information in this prospectus and the applicable prospectus supplement, as well as the information we previously filed with the SEC and incorporated by

reference, is accurate only as of the date on the front cover of this prospectus and the applicable prospectus supplement. Our business, financial condition, results of operations and prospects may have changed since those dates.

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus contains or incorporates by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. 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 terms. 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, compliance with and changes to regulations and payment policies within the health care industry, changes in financing terms, competition within the health care and senior housing industries, and changes in federal, state and local legislation. 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 and in other information contained in our publicly available filings with the Securities and Exchange Commission, including our annual report on Form 10-K for the year ended December 31, 2003. 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

WHERE YOU CAN FIND ADDITIONAL INFORMATION

This prospectus is part of a registration statement on Form S-3 we have filed with the SEC covering the securities that may be offered under this prospectus. The registration statement, including the attached exhibits and schedules, contains additional relevant information about the securities.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy the registration statement and any reports, statements or other information on file at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. You can request copies of those documents upon payment of a duplicating fee to the SEC. You may also review a copy of the registration statement at the SEC's regional offices in Chicago, Illinois and New York, New York. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. You can review our SEC filings and the registration statement by accessing the SEC's Internet site at <http://www.sec.gov>.

You can also inspect our reports, proxy statements and other information about us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to incorporate by reference the information we file with the SEC, which means:

we consider incorporated documents to be part of the prospectus;

we may disclose important information to you by referring you to those documents; and

information we subsequently file with the SEC will automatically update and supersede the information in this prospectus.

This prospectus incorporates by reference the following documents:

Annual report on Form 10-K for the year ended December 31, 2003.

Definitive proxy statement for the annual meeting of stockholders held on July 28, 2003.

Current Report on Form 8-K dated March 19, 2004, for Amendment No. 1 to Rights Agreement dated as of March 19, 2004, between LTC Properties, Inc. and Harris Trust & Savings Bank (as Rights Agent).

All subsequent documents filed by us under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934 after the date of this prospectus and before the termination of the offering.

The description of our Common Stock contained in our registration statement on Form 8-A, including any amendment or report for the purpose of updating such description.

The description of our Series A Cumulative Preferred Stock contained in our registration statement on Form 8-A, including any amendment or report for the purpose of updating such description.

The description of our Series B Cumulative Preferred Stock contained in our registration statement on Form 8-A, including any amendment or report for the purpose of updating such description.

Edgar Filing: LTC PROPERTIES INC - Form 424B5

The description of our Series D Junior Participating Preferred Stock contained in our registration statement on Form 8-A, including any amendment or report for the purpose of updating such description.

The description of our Series E Cumulative Convertible Preferred Stock contained in our registration statement on Form 8-A, including any amendment or report for the purpose of updating such description.

The description of our Series F Cumulative Preferred Stock contained in our registration statement on Form 8-A, including any amendment or report for the purpose of updating such description.

This prospectus and the documents incorporated by reference summarize certain material provisions of contracts and other documents to which we refer. Since this prospectus may not contain all the information that you may find important, you should review the full text of those documents. Upon request, we will provide each person receiving this prospectus a free copy, without exhibits, of any or all documents incorporated by reference into this prospectus. You may direct such requests to:

Alex J. Chavez
Senior Vice President and Corporate Secretary
LTC Properties, Inc.
22917 Pacific Coast Hwy, Suite 350
Malibu, California 90265
Telephone Number: (310) 455-6010

Table of Contents

ABOUT OUR COMPANY

We are a self-administered real estate investment trust that invests primarily in long-term care and other health care related properties through mortgage loans, property lease transactions and other investments. As of December 31, 2003, long-term care properties, which include skilled nursing and assisted living properties, comprised approximately 98% of our investment portfolio. We have been operating since August 1992.

Skilled nursing facilities provide restorative, rehabilitative and nursing care for people not requiring the more extensive and sophisticated treatment available at acute care hospitals. Many skilled nursing facilities provide ancillary services that include occupational, speech, physical, respiratory and IV therapies, as well as provide sub-acute care services which are paid either by the patient, the patient's family, or through federal Medicare or state Medicaid programs.

Assisted living facilities serve elderly persons who require assistance with activities of daily living, but do not require the constant supervision skilled nursing facilities provide. Services are usually available 24-hours a day and include personal supervision and assistance with eating, bathing, grooming and administering medication. The facilities provide a combination of housing, supportive services, personalized assistance and health care designed to respond to individual needs.

Our senior management team is comprised of four individuals with a combined 51 years of experience in health care and real estate finance.

As of December 31, 2003, we had approximately \$516 million in carrying value of net real estate investments. At that date, our portfolio included 96 assisted living properties, 83 skilled nursing properties and one charter school in 30 states. We had approximately \$383 million (74%) invested in owned and leased properties, approximately \$71 million (14%) invested in mortgage loans, and investments in certificates of a real estate mortgage investment conduit (or REMIC) with a carrying value of approximately \$62 million (12%).

Owned Properties

At December 31, 2003, we owned 53 skilled nursing properties with a total of 6,047 beds, 88 assisted living properties with 4,182 units and one school located in 23 states. The properties are leased pursuant to non-cancelable leases generally with an initial term of 10 to 30 years. The leases provide for a fixed minimum base rent during the initial and renewal periods. Most of the leases provide for annual fixed rent increases or increases based on consumer price indices over the term of the lease. In addition, certain of our leases provide for additional rent through revenue participation (as defined in the lease agreement) in incremental revenues generated by the facilities over a defined base period effective at various times during the term of the lease. 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 facility. Many of the leases contain renewal options and one contains a limited period option that permits the operator to purchase the property.

Mortgage Loans

At December 31, 2003, we had 37 mortgage loans secured by first mortgages on 30 skilled nursing properties with a total of 3,681 beds and eight assisted living properties with a total of 369 units located in 19 states. At December 31, 2003, these mortgage loans had interest rates ranging from 9.5% to 12.6% and maturities ranging from 2004 to 2018. In addition, the loans may 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.

In general, the mortgage loans may not be prepaid except in the event of the sale of the collateral property to a third party that is not affiliated with the borrower, although partial prepayments (including the prepayment premium) are often permitted where a mortgage loan is secured by more than one property upon the sale of one or more, but not all, of the collateral properties to a third party which is not an affiliate of the borrower. The terms of the mortgage loans generally impose a premium upon prepayment of the loans depending upon the period in which the prepayment occurs, whether such prepayment was permitted or required, and certain other conditions such as upon the sale of the property under a pre-existing purchase option, destruction or condemnation, or other circumstances as approved by us. On certain loans, such prepayment amount is based upon a percentage of the then outstanding balance of the loan, usually declining ratably each year. For other loans, the prepayment premium is based on a yield maintenance formula. In addition to a lien on the mortgaged property, the loans are generally secured by certain non-real estate assets of the properties and contain certain other security provisions in the form of letters of credit, pledged collateral accounts, security deposits, cross-default and cross-collateralization features and certain guarantees.

Table of Contents

REMIC Certificates

As of December 31, 2003, the outstanding certificate principal balance and the weighted average pass-through rate for the senior REMIC certificates (all held by outside third parties) were \$150 million and 7.1%. As of December 31, 2003, the carrying value of the subordinated REMIC certificates held by us was \$62 million. The effective yield on the subordinated REMIC certificates held by us, based on expected future cash flows discounted to give effect to potential risks associated with prepayments and credit losses was 15.4% at December 31, 2003.

The REMIC certificates we retain are subordinate in rank and right of payment to the REMIC certificates sold to third-party investors and as such would bear the first risk of loss in the event of an impairment to any of the underlying mortgages. The REMIC certificates are collateralized by three pools consisting of 69 first mortgage loans secured by 103 skilled nursing properties. The mortgage loans underlying the REMIC certificates generally have 25-year amortization schedules with final maturities due from 2004 to 2028, unless prepaid prior thereto. Distributions on any of the REMIC certificates will depend, in large part, on the amount and timing of payments, collections, delinquencies and defaults with respect to mortgage loans represented by the REMIC certificates, including the exercise of certain purchase options under existing property leases or the sale of the mortgaged properties. Each of the mortgage loans securing the REMIC certificates contains similar prepayment and security provisions as our mortgage loans.

As part of the REMIC transactions, we serve as the sub-servicer and, in such capacity, are responsible for performing substantially all of the servicing duties relating to the mortgage loans represented by the REMIC certificates. We receive monthly fees equal to a fixed percentage of the then outstanding mortgage loan balance in the REMIC, which in our opinion, represent currently prevailing terms for similar transactions. In addition, we will act as the special servicer to restructure any mortgage loans in the REMIC that default.

OUR STRATEGY

Our primary objectives are to sustain and enhance stockholder equity value and provide current income for distribution to stockholders through real estate investments in long-term care properties and other health care related properties managed by experienced operators. To meet these objectives, we attempt to invest in properties or in mortgages that provide opportunity for additional value and current returns to our stockholders and to diversify our investment portfolio by geographic location, operator and form of investment.

For investments in skilled nursing properties, we favor low cost per bed opportunities, whether in fee simple properties or in mortgages. Thus, the average per bed cost of our owned skilled nursing properties is approximately \$27,000 per bed while that of our mortgages is approximately \$16,000 per bed.

For assisted living investments we have attempted to diversify our portfolio both geographically and across product levels. Thus, we believe that although the majority of our investments are in affordably priced units, our portfolio also includes a significant number of upscale units in appropriate markets with certain operators.

As skilled nursing facilities reimbursement cuts have created cost and pricing pressures in that industry, we have tended to emphasize fee simple investments in the assisted living sector where we believe properties tend to be both newer and less dependent, if at all, on any government reimbursement.

RISK FACTORS

You should carefully consider the risks described below and in the applicable prospectus supplement before making an investment decision in our company. The risks and uncertainties described below and therein are not the

only ones facing our company and there may be additional risks that we do not presently know of or that we currently consider immaterial. Other important factors are identified in our annual report on Form 10-K for the year ended December 31, 2003, which is incorporated by reference into this prospectus, 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. 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.

Table of Contents

Our expected results may not be achieved, and actual results may differ materially from our expectations.

Our failure to achieve expected results may be a result of various factors, including, but not limited to:

the status of the economy;

the status of capital markets, including prevailing interest rates;

compliance with and changes to regulations and payment policies within the health care industry;

changes in financing terms;

competition within the health care and senior housing industries; and

changes in federal, state and local legislation.

Recently enacted tax legislation could have an adverse effect on the market price of our equity securities.

On May 28, 2003, President Bush signed into law legislation that, for individual taxpayers, will generally reduce the tax rate on corporate dividends to a maximum of 15% for tax years 2003 to 2008. REIT dividends generally will not qualify for this reduced tax rate because a REIT's income generally is not subject to corporate level tax. This law could cause stock in non-REIT corporations to be a more attractive investment to individual investors than stock in REITs and could have an adverse effect on the market price of our equity securities.

A failure to maintain or increase our dividend could reduce the market price of our stock.

During calendar 2002 we paid a quarterly dividend of \$.10 per common share of stock. During calendar 2003, we paid a \$.10 dividend in the first quarter, a \$.15 dividend in the second and third quarter and a \$.25 dividend in the fourth quarter on our common stock. The ability to maintain or raise our common dividend is dependent, to a large part, on growth of funds from operations. This growth in turn depends upon increased revenues from additional investments and loans, rental increases and mortgage rate increases.

At times, we may have limited access to capital which will slow our growth.

A REIT is required to make dividend distributions and retains little capital for growth. As a result, a REIT is required to grow through the steady investment of new capital in real estate assets. Presently, we believe capital is readily available to us. However, there will be times when we will have limited access to capital from the equity and/or debt markets. During such periods, virtually all of our available capital will be required to meet existing commitments and to reduce existing debt. We may not be able to obtain additional equity or debt capital or dispose of assets on favorable terms, if at all, at the time we require additional capital to acquire health care properties on a competitive basis or meet our obligations.

Income and returns from health care facilities can be volatile.

The possibility that the health care properties in which we invest will not generate income sufficient to meet operating expenses, will generate income and capital appreciation, if any, at rates lower than those anticipated or will yield returns lower than those available through investments in comparable real estate or other investments are additional risks of investing in health care related real estate. Income from properties and yields from investments in such properties may be affected by many factors, including changes in governmental regulation (such as zoning laws and government payment), general or local economic conditions (such as fluctuations in interest rates and

employment conditions), the available local supply of and demand for improved real estate, a reduction in rental income as the result of an inability to maintain occupancy levels, natural disasters (such as earthquakes and floods) or similar factors.

We depend on lease income and mortgage payments from real property.

Since a substantial portion of our income is derived from mortgage payments and lease income from real property, our income would be adversely affected if a significant number of our borrowers or lessees were unable to meet their obligations to us or if we were unable to lease our properties or make mortgage loans on economically favorable terms. There can be no assurance that any lessee will exercise its option to renew its lease upon the expiration of the initial term or that if such failure to renew were to occur, we could lease the property to others on favorable terms.

Table of Contents

We rely on a few major operators.

Assisted Living Concepts, Inc. (or ALC) leases 37 assisted living properties with a total of 1,434 units owned by us representing approximately 12.6%, or \$72.5 million, of our total assets. In October 2001, ALC filed for reorganization under Chapter 11 of the federal bankruptcy laws. The filing was pre-negotiated with sufficient debt holders to allow ALC to reorganize its debt and equity and emerge from bankruptcy as of 12:01 a.m. on January 1, 2002. At the request of our Board of Directors, we agreed to reduce total rents under the 37 leases by \$0.9 million a year, beginning January 1, 2002. Our Chairman, CEO and President, Mr. Andre C. Dimitriadis, became a Board member of ALC as of January 1, 2002.

ALC is a publicly traded company, and as such is subject to the filing requirements of the Securities and Exchange Commission.

Alterra Healthcare Corporation (or Alterra) leases 35 assisted living properties with a total of 1,416 units owned by us representing approximately 12.4%, or \$71.3 million, of our total assets at December 31, 2003. Alterra announced on January 22, 2003 that it had filed a voluntary petition with the U.S. Bankruptcy Court for the District of Delaware to reorganize under Chapter 11 of the U.S. Bankruptcy Code. Alterra's Plan of Reorganization was approved in November 2003 and Alterra emerged from bankruptcy in December 2003 as a non-publicly traded company. All of our leases with Alterra were assumed, without change, b