HCP, INC.
Form 424B5
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Reg. Statement No. 333-137225

Prospectus Supplement

(To Prospectus dated September 8, 2006)

$600,000,000

HCP, Inc.

6.70% Senior Notes Due 2018

The notes will mature on January 30, 2018. HCP will pay interest on the notes on January 30 and July 30 of each year, beginning January 30, 2008.

The notes are redeemable, in whole or in part, at any time under a make-whole redemption provision described in this prospectus supplement. In addition, if we experience a change in control and the ratings on the notes are downgraded below investment grade as a result, we may be required to repurchase the notes on the terms described in this prospectus supplement.

The notes will be senior unsecured obligations and will rank equally with HCP s existing and future unsecured senior indebtedness. The notes will be issued only in denominations of $1,000 and integral multiples of $1,000.

Investing in the notes involves risk. See Risk Factors beginning on page S-8 of this prospectus supplement and page 4 of the accompanying prospectus.

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

	Per Note	Total	
Public offering price(1)	99.793%	$	598,758,000
Underwriting discount	0.650%	$	3,900,000
Proceeds (before expenses) to HCP(1)	99.143%	$	594,858,000

(1) Plus accrued interest, if any, from October 15, 2007, if settlement occurs after that date.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

We expect that delivery of the notes will be made to investors through the book-entry delivery system of The Depository Trust Company on or about October 15, 2007.

Joint Book-Running Managers

Barclays Capital

UBS Investment Bank

Banc of America Securities LLC

Co-Managers

Credit Suisse

Wachovia Securities

Wells Fargo Securities

The date of this prospectus supplement is October 10, 2007

CALCULATION OF REGISTRATION FEE

Title of Securities to be registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
6.70% Senior Notes Due 2018	$ 600,000,000	$ 18,420

(1) Calculated in accordance with Rule 456(b) and 457(r) of the Securities Act.

You should rely only on the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. We have not authorized anyone to provide you with information that is different. We are not making an offer to sell these securities in any jurisdiction where the offer or sale of these securities is not permitted. This document may only be used where it is legal to sell these securities. You should assume that the information in this prospectus supplement and the accompanying prospectus is accurate only as of their respective dates and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference.

All references in this prospectus supplement to HCP, we, us or our mean HCP, Inc., or HCP, its majority-owned subsidiaries and other entities controlled by HCP, except where it is clear from the context that the term means only the issuer, HCP. Unless otherwise stated, currency amounts in this prospectus supplement are stated in United States dollars.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. This prospectus supplement also adds to, updates and changes information contained in the accompanying prospectus. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. The accompanying prospectus is part of a registration statement that we filed with the Securities and Exchange Commission using a shelf registration statement. Under the shelf registration process, from time to time, we may offer and sell debt securities, warrants or other rights, stock purchase contracts, units, common stock, preferred stock or depositary shares, or any combination thereof, in one or more offerings.

It is important that you read and consider all of the information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents to which we have referred you in Incorporation by Reference on page S-2 of this prospectus supplement and Where You Can Find More Information on page 2 of the accompanying prospectus.

INCORPORATION BY REFERENCE

The Securities and Exchange Commission, or SEC, allows us to incorporate by reference information into this prospectus supplement and the accompanying prospectus. This means that we can disclose important information to you by referring you to another document that HCP has filed separately with the SEC that contains that information. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus. Information that HCP files with the SEC after the date of this prospectus supplement will automatically modify and supersede the information included or incorporated by reference in this prospectus supplement and the accompanying prospectus to the extent that the subsequently filed information modifies or supersedes the existing information. We incorporate by reference (other than any portions of any such documents that are not deemed filed under the Securities Exchange Act of 1934 in accordance with the Securities Exchange Act of 1934 and applicable SEC rules):

- our Current Report on Form 8-K filed on January 5, 2007, two Current Reports on Form 8-K filed on January 9, 2007, each of our Current Reports on Form 8-K filed on January 19, 2007, January 22, 2007, February 1, 2007, February 9, 2007, June 6, 2007, August 1, 2007, August 6, 2007, as amended on September 24, 2007, September 10, 2007, two Current Reports on Form 8-K filed on September 20, 2007 and our Current Report on Form 8-K filed on October 5, 2007;

- our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2007 and June 30, 2007;

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2006; and

- any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities offered by this prospectus supplement.

You may request a copy of any of these filings at no cost by writing to or telephoning us at the following address and telephone number:

Legal Department
HCP, Inc.
3760 Kilroy Airport Way, Suite 300
Long Beach, California 90806
(562) 733-5100
legaldept@hcpi.com

SUMMARY

The information below is a summary of the more detailed information included elsewhere in or incorporated by reference in this prospectus supplement. You should read carefully the following summary together with the more detailed information contained in this prospectus supplement, including the Risk Factors section beginning on page S-8, the accompanying prospectus, including the Risk Factors section beginning on page 4, and the information incorporated by reference. This summary is not complete and does not contain all of the information you should consider when making your investment decision.

Our Company

We invest primarily in real estate serving the healthcare industry in the United States. We are a Maryland corporation and were organized to qualify as a real estate investment trust, or REIT, in 1985. We are headquartered in Long Beach, California, with operations in Nashville, Tennessee, Chicago, Illinois and San Francisco, California. As of June 30, 2007, our portfolio of properties, excluding assets held for sale but including investments through joint ventures and mortgage loans, included 675 properties and consisted of 273 senior housing facilities, 265 medical office buildings, 42 hospitals, 66 skilled nursing facilities and 29 other healthcare facilities. We acquire healthcare facilities and lease them to healthcare providers and provide mortgage financing secured by healthcare facilities. Our portfolio includes:

- senior housing, including independent living facilities, assisted living facilities, and continuing care retirement communities;
- medical office buildings;
- life science facilities, including laboratories and office buildings;
- hospitals;
- skilled nursing facilities; and
- other healthcare facilities, including physical group practice clinics and health and wellness centers.

Our executive offices are located at 3760 Kilroy Airport Way, Suite 300, Long Beach, California 90806, and our telephone number is (562) 733-5100.

Healthcare Industry

In 2004, healthcare was the single largest industry in the United States, representing 16.0% of U.S. Gross Domestic Product and growing at a rate faster than the overall economy, according to data made available by the U.S. Bureau of Labor Statistics and the Centers for Medicare and Medicaid.

The delivery of healthcare services requires real estate and as a consequence, healthcare providers depend on real estate to maintain and grow their businesses. HCP believes that the current healthcare real estate market provides an investment opportunity for investors based on:

- likelihood of consolidation of the fragmented healthcare real estate sector;
- specialized nature of healthcare real estate investing; and
- compelling demographics driving the demand for healthcare services.

Senior citizens are the largest consumers of healthcare services. According to the Centers for Medicare and Medicaid, on a per capita basis, the 75 years and older segment of the population spends 75% more on healthcare than the 65 to 74-year-old segment and nearly 300% more than the population average.

Recent Developments

Acquisition of Slough Estates USA Inc.

On August 1, 2007, we closed our acquisition of Slough Estates USA Inc. (SEUSA) for aggregate consideration of approximately $2.9 billion (the Acquisition), subject to certain adjustments. SEUSA s portfolio is concentrated in the San Francisco Bay Area and San Diego County and comprises 83 existing properties representing approximately 5.2 million square feet of life science/pharma space. In addition to the existing portfolio, SEUSA has an established development infrastructure and a pipeline currently comprised of 3.8 million square feet in the San Francisco Bay Area and San Diego County.

In connection with our acquisition of SEUSA, we obtained from a syndicate of banks a bridge loan for $2.75 billion.

Portfolio Sale to Emeritus Corporation

On August 15, 2007, we closed the sale of 41 senior housing facilities to Emeritus Corporation for an aggregate sales price of $501.5 million.

Change of Corporate Name

On September 7, 2007, we amended our Charter to change our name from Health Care Property Investors, Inc. to HCP, Inc.

Common Stock Offering

On October 5, 2007, we completed a registered offering of 9 million shares of our common stock, par value $1.00 per share, pursuant to an underwriting agreement between us and Goldman, Sachs & Co. (the Common Stock Issuance). We also granted Goldman, Sachs & Co. a 10-day option to purchase up to an additional 1,350,000 shares of common stock from us. The net proceeds from this offering were approximately $302.6 million, and would be $348.0 million if Goldman, Sachs & Co. exercises its option to purchase additional shares in full. The net proceeds from the offering will be used to repay a portion of our outstanding indebtedness under our bridge loan.

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The Offering

The summary below describes the principal terms of the notes. Some of the terms and conditions described below are subject to important limitations and exceptions. See Description of the Notes for a more detailed description of the terms and conditions of the notes.

Issuer	HCP, Inc.
Securities Offered	$600,000,000 aggregate principal amount of 6.70% Senior Notes due January 30, 2018.
Issue Price	99.793% plus accrued interest, if any, from October 15, 2007.
Interest Payment Dates	Interest on the notes is payable semi-annually on January 30 and July 30 of each year, commencing January 30, 2008.
Optional Redemption	At any time, we may redeem all or part of the notes under a make-whole redemption provision. See Description of the Notes Optional Redemption.
Offer to Repurchase	If we experience a Change of Control and the notes are rated below Investment Grade by Standard & Poor s Ratings Services and Moody s Investors Service, Inc. as a result, we will offer to repurchase all of the notes at a price equal to 101% of the principal amount plus accrued and unpaid interest to the repurchase date. See Description of the Notes Offer to Repurchase Upon a Change of Control Repurchase Event for further information about the offer to repurchase and for definitions of Change of Control and Investment Grade.
Covenants	The indenture governing the notes contains certain covenants. Under specified circumstances, the indenture governing the notes restricts our ability to incur additional indebtedness. See Description of the Debt Securities We May Offer Covenants in the accompanying prospectus.
Ranking	The notes will be senior unsecured obligations of HCP, ranking equally in right of payment with other senior unsecured indebtedness of HCP from time to time outstanding.
Form and Denomination	We will issue the notes in fully registered form in denominations of $1,000 and integral multiples of $1,000. The notes will be represented by permanent global securities registered in the name of a nominee of The Depository Trust Company, or DTC. You will hold beneficial interests in the notes through DTC, and DTC and its direct and indirect participants will record your beneficial interest on their books. Except under limited circumstances, we will not issue certificated notes.

Use of Proceeds	We expect that the net proceeds from this offering will be approximately $594.6 million after deducting expenses. We intend to use the net proceeds from the offering to repay outstanding indebtedness under our bridge loan. See Use of Proceeds.
Trustee, Registrar and Paying Agent	The Bank of New York Trust Company, N.A.

You should carefully consider the information set forth under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2006, in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2007, in this prospectus supplement beginning at page S-8 and in the accompanying prospectus beginning on page 4 before deciding to invest in the notes.

For additional information regarding the notes, see Description of the Notes.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following table sets forth our summary consolidated financial data. You should read this information together with our financial statements, including the related notes, included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 from which such information has been derived. Our unaudited summary consolidated financial data as of June 30, 2007 and for the three and six months ended June 30, 2006 and 2007 has been prepared on the same basis as our annual consolidated financial statements and includes all adjustments, consisting of only normal recurring adjustments, necessary for the fair presentation of this data in all material respects. The results for any interim period are not necessarily indicative of the results of operations to be expected for a full fiscal year. The following data is presented on a historical basis. The data as of and for the three and six months ended June 30, 2006 and 2007 does not include the financial data of SEUSA, which we acquired on August 1, 2007, and the data as of and for the three and six months ended June 30, 2006 does not include the financial data of CNL Retirement Properties, Inc. (CRP) and CNL Retirement Corp., the external advisor to CRP (the Advisor) (together the CRP Acquisitions), which we acquired on October 5, 2006.

	Three Months Ended June 30, 2007	2006	Six Months Ended June 30, 2007	2006
	(in thousands, except share and per share data)			
Revenues and other income:				
Rental and related revenues	$ 204,580	$ 109,894	$ 407,946	$ 209,147
Income from direct financing leases	15,215		30,205	
Investment management fee income	4,220	943	10,459	1,997
Interest and other income	18,732	5,395	34,947	19,084
	242,747	116,232	483,557	230,228
Costs and expenses:				
Interest	72,359	33,485	151,337	65,418
Depreciation and amortization	60,434	26,975	121,328	52,469
Operating	38,949	19,143	81,350	36,589
General and administrative	18,292	8,396	38,884	16,868
	190,034	87,999	392,899	171,344
Operating income	52,713	28,233	90,658	58,884
Equity income from unconsolidated joint ventures	1,302	2,714	2,516	6,536
Gains on sale of real estate interests, net	10,141		10,141	
Minority interests share of earnings	(6,739)	(4,170)	(11,974)	(7,947)
Income from continuing operations	57,417	26,777	91,341	57,473
Discontinued operations:				
Operating income	11,796	17,219	19,115	35,820
Gains on sales of real estate, net of impairments	2,071	(2,429)	106,116	6,162
	13,867	14,790	125,231	41,982
Net income	71,284	41,567	216,572	99,455
Preferred stock dividends	(5,283)	(5,283)	(10,566)	(10,566)
Net income applicable to common shares	$ 66,001	$ 36,284	$ 206,006	$ 88,889
Basic earnings per common share:				
Continuing operations	$ 0.25	$ 0.16	$ 0.39	$ 0.34
Discontinued operations	0.07	0.11	0.62	0.31
Net income applicable to common shares	$ 0.32	$ 0.27	$ 1.01	$ 0.65
Diluted earnings per common share:				
Continuing operations	$ 0.25	$ 0.16	$ 0.39	$ 0.34
Discontinued operations	0.07	0.10	0.61	0.31
Net income applicable to common shares	$ 0.32	$ 0.26	$ 1.00	$ 0.65
Weighted average shares used to calculate earnings per common share:				
Basic	205,755	136,484	204,882	136,262
Diluted	207,024	137,192	206,470	137,024

	As of June 30, 2007	As of December 31, 2006
	(in thousands)	
Consolidated Balance Sheet Data:		
Cash and cash equivalents	$ 351,217	$ 60,687
Total assets	8,879,326	10,012,749
Total debt	4,934,137	6,556,948
Total stockholders equity	3,604,387	3,294,036

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RISK FACTORS

Before purchasing the notes, you should consider carefully the information under the heading Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2007, in the accompanying prospectus and the following factors, each of which could materially adversely affect our operating results and financial condition. You should also carefully consider the other information included in this prospectus supplement, the accompanying prospectus and other information incorporated by reference herein. Each of the risks described in our Form 10-K, Form 10-Q and the accompanying prospectus and below could result in a decrease in the value of the notes and your investment therein. Although we have tried to discuss what we believe are key risk factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time, and we cannot predict those risks or estimate the extent to which they may affect our financial performance or the value of the notes. The information contained, and incorporated by reference, in this prospectus supplement and in the accompanying prospectus includes forward-looking statements that involve risks and uncertainties, and we refer you to the Cautionary Language Regarding Forward-Looking Statements section in the accompanying prospectus.

Our indebtedness could adversely affect our financial results and prevent us from fulfilling our obligations under the notes.

In addition to our currently outstanding indebtedness, we may be able to borrow substantial additional unsecured indebtedness in the future. If new indebtedness is added to our current debt levels, the related risks that we now face could increase.

Our indebtedness, including the indebtedness we may incur in the future, could have important consequences for the holders of the notes, including:

- limiting our ability to satisfy our obligations with respect to the notes;
- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements;
- requiring a substantial portion of our cash flow from operations for the payment of principal of, and interest on, our indebtedness and reducing our ability to use our cash flow to fund working capital, capital expenditures and general corporate requirements;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry; and
- putting us at a disadvantage compared to competitors with less indebtedness.

Our business operations may not generate the cash needed to service our indebtedness.

Our ability to make payments on our indebtedness, including these notes, and to fund planned capital expenditures will depend on our ability to generate cash in the future. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay our indebtedness, including these notes, or to fund our other liquidity needs.

Although these notes are referred to as senior notes, they will be effectively subordinated to our secured indebtedness and all liabilities of our subsidiaries.

The notes are unsecured and therefore will be effectively subordinated to any secured indebtedness we may incur to the extent of the value of the assets securing such indebtedness. In the event of a bankruptcy or similar proceeding involving us, our assets which serve as collateral will be available to satisfy the obligations under any secured indebtedness before any payments are made on the notes.

In addition, most of our assets are held through direct or indirect subsidiaries and, accordingly, the notes will be effectively subordinated to all liabilities of our subsidiaries including the guarantees of our new credit facilities issued by certain of our subsidiaries. Our subsidiaries and general and limited partnerships will not guarantee the notes. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries or partnerships, creditors of our subsidiaries and partnerships will generally be entitled to payment of their claims from the assets of those subsidiaries and partnerships before any assets are made available for distribution to us, except to the extent we may also have a claim as a creditor.

An active trading market may not develop for the notes.

Prior to this offering, there was no existing trading market for the notes. Although the underwriters have informed us that they currently intend to make a market in the notes after we complete the offering, they have no obligation to do so and may discontinue making a market at any time without notice. We do not intend to apply for listing of the notes on any securities exchange.

The liquidity of any market for the notes will depend on a number of factors, including:

- the number of holders of the notes;
- our performance;
- the market for similar securities;
- the interest of securities dealers in making a market in the notes; and
- prevailing interest rates.

We cannot assure you that an active market for the notes will develop or, if developed, that it will continue.

Downgrades or other changes in our credit ratings could affect our financial results and reduce the market value of the notes.

The credit ratings assigned to our unsecured indebtedness, including the notes upon issuance, may affect our ability to obtain new financing and the costs of our financing. It is possible that rating agencies may downgrade our credit ratings or change their outlook about us, which could increase our cost of capital and make our efforts to raise capital more difficult and, in turn, adversely affect our financial results. Such a downgrade in rating may also reduce the price that a subsequent purchaser may be willing to pay for the notes.

USE OF PROCEEDS

We anticipate that the net proceeds from this offering, after deducting underwriting discounts and estimated expenses payable by us, will be approximately $594.6 million. We intend to use the proceeds from this offering to repay outstanding indebtedness under our bridge loan.

Our bridge loan for $2.75 billion matures on July 31, 2008, and accrues interest at a rate per annum equal to LIBOR plus a margin ranging from 0.425% to 1.25%, depending upon our debt ratings. Based on our debt ratings on October 10, 2007, the margin on the bridge loan facility is 0.70%. The bridge loan facility includes two 6-month extensions.

Affiliates of certain of the underwriters are lenders under our bridge loan and therefore will receive a portion of the net proceeds from the offering through the repayment of debt under that facility.

RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The following table sets forth our ratios of earnings to fixed charges and our ratios of earnings to combined fixed charges and preferred stock dividends for the periods indicated. In computing the ratios of earnings to fixed charges, earnings have been based on consolidated income from continuing operations before fixed charges (exclusive of capitalized interest). Fixed charges consist of interest on debt, including amounts capitalized, an estimate of interest in rental expense, and interest expense related to the guaranteed debt of the partnerships and limited liability companies in which we hold an interest. In computing the ratios of earnings to combined fixed charges and preferred stock dividends, preferred stock dividends consist of dividends on our 7.875% Series A Cumulative Redeemable Preferred Stock (until September 10, 2003 when the Series A Cumulative Redeemable Preferred Stock was redeemed), 8.70% Series B Cumulative Redeemable Preferred Stock (until October 1, 2003 when the Series B Cumulative Redeemable Preferred Stock was redeemed), 8.60% Series C Cumulative Redeemable Preferred Stock (until May 2, 2003 when the Series C Cumulative Redeemable Preferred Stock was redeemed), 7.25% Series E Cumulative Redeemable Preferred Stock and 7.10% Series F Cumulative Redeemable Preferred Stock.

	Year Ended December 31,						For the Six Months Ended June 30, 2007	
	2002	2003	2004	2005	2006 Actual	2006 Pro Forma(1)	Actual	Pro Forma(1)
Ratio of Earnings to Fixed Charges(2)	1.99	2.01	2.13	1.90	1.40		1.57	1.02
Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends(3)	1.51	1.43	1.72	1.59	1.27		1.47	

(1) The unaudited pro forma condensed consolidated statement of income data used in the pro forma calculations were prepared under the purchase method of accounting as if the acquisition of SEUSA by HCP and related bridge loan had been completed (a) on January 1, 2006 for the Year Ended December 31, 2006 pro forma ratios, and (b) on January 1, 2007 for the Six Months Ended June 30, 2007 pro forma ratios. In addition, the unaudited pro forma condensed consolidated statement of income data used in the pro forma calculations were prepared under the purchase method of accounting as if the CRP Acquisitions and related financings had been completed on January 1, 2006 for the Year Ended December 31, 2006 pro forma ratios. We have included this information only for purposes of illustration, and it does not necessarily indicate what the ratios would have been if the acquisitions and the related financing transactions had actually been completed on those dates. Moreover, this information does not necessarily indicate what the future ratios of earnings to fixed charges will be. You should read this table in conjunction with the Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements included elsewhere in this prospectus supplement.

(2) For the Pro Forma Ratio of Earnings to Fixed Charges for Year Ended December 31, 2006, pro forma fixed charges exceeded pro forma earnings resulting in a deficiency of $135 million.

(3) For the Pro Forma Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends for Year Ended December 31, 2006 and for the Six Months ended June 30, 2007, pro forma fixed charges exceeded pro forma earnings resulting in deficiencies of $156 million and $5 million, respectively.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited pro forma condensed consolidated financial statements gives effect to our acquisition of SEUSA and reflect the incurrence of debt in order to finance the Acquisition. The unaudited pro forma condensed consolidated financial statements presented below have been prepared based on certain pro forma adjustments to the historical consolidated financial statements of HCP and SEUSA for the year ended December 31, 2006 and for the six months ended June 30, 2007. The unaudited pro forma condensed consolidated balance sheet as of June 30, 2007 has been prepared as if the Acquisition had occurred as of that date. The unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2006 and for the six months ended June 30, 2007 have been prepared as if the Acquisition had occurred as of January 1, 2006.

In addition, the accompanying unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2006 gives effect to the CRP Acquisitions, which were completed on October 5, 2006, because the CRP Acquisitions are not fully reflected in our historical statement of operations for the year ended December 31, 2006. Such statement also reflects the incurrence of debt and gives effect to certain capital transactions we have undertaken in order to finance the CRP Acquisitions. The unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2006 has been prepared based on certain pro forma adjustments as if the CRP Acquisitions had occurred as of January 1, 2006.

The accompanying unaudited pro forma financial statements do not give effect to our recent Common Stock Issuance or to this offering of notes or the application of the net proceeds of either such offering to repay amounts outstanding under our bridge loan.

The allocation of the purchase price of SEUSA reflected in these unaudited pro forma condensed consolidated financial statements has been based upon preliminary estimates of the fair value of assets acquired and liabilities assumed. In the opinion of our management, all significant adjustments necessary to reflect the effects of the Acquisition and CRP Acquisitions that can be factually supported within the SEC regulations covering the preparation of pro forma financial statements have been made.

The unaudited pro forma condensed consolidated financial statements are provided for informational purposes only. The unaudited pro forma condensed consolidated financial statements are not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the transactions been completed as of the dates indicated or that may be achieved in the future. The completion of the valuation and the impact of ongoing integration activities could cause material differences in the information presented. Furthermore, following consummation of the Acquisition and the CRP Acquisitions, we expect to apply our own methodologies and judgments in accounting for the assets and liabilities acquired in the transactions, which may differ from those reflected in SEUSA s, or CRP s or the Advisor s historical financial statements.

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the respective historical financial statements and the notes thereto of HCP, SEUSA, CRP and the Advisor. The historical financial information with respect to HCP for the year ended December 31, 2006 has been (a) restated to reflect the results of operations of certain properties that were initially classified as discontinued operations in the six months ended June 30, 2007, and (b) includes a reclassification of equity income from unconsolidated joint ventures to conform to the presentation for the six months ended June 30, 2007. The restated historical consolidated financial statements of HCP for the year ended December 31, 2006, are contained in its Form 8-K as filed with the SEC on September 20, 2007. The historical consolidated financial statements of HCP for the six months ended June 30, 2007 are contained in HCP s Form 10-Q as filed with the SEC on August 6, 2007. The historical consolidated financial statements of SEUSA for the six months ended June 30, 2007 and for the year ended December 31, 2006, are included as Exhibits 99.1 and 99.2 to HCP s Current Report on Form 8-K/A as filed with the SEC on September 24, 2007, respectively. The historical consolidated financial statements of CRP and the Advisor for the nine months ended September 30, 2006 are contained in HCP s Current Report on Form 8-K as filed with the SEC on January 9, 2007.

Unaudited Pro Forma Condensed Consolidated Balance Sheet
June 30, 2007
(In thousands)

	HCP Historical	SEUSA Historical (A)	Pro Forma Adjustments (B)		SEUSA and Pro Forma Adjustments	Consolidated Pro Forma HCP
ASSETS						
Real estate:						
Buildings and improvements	$ 6,205,698	$ 937,432	$ 569,581	(C)	$ 1,507,013	$ 7,712,711
Developments in process	29,056	213,493	96,607	(C)	310,100	339,156
Land	770,010	424,447	486,008	(C)	910,455	1,680,465
Less: accumulated depreciation and amortization	618,321	182,694	(182,694)	(C)		618,321
Net real estate	6,386,443	1,392,678	1,334,890		2,727,568	9,114,011
Net investment in direct financing leases	682,176					682,176
Loans receivable, net	203,147					203,147
Investments in and advances to unconsolidated joint ventures	214,904	22,309			22,309	237,213
Accounts receivable, net	33,652	1,628			1,628	35,280
Cash and cash equivalents	351,217	16,577	(168,521)	(F)	(151,944)	199,273
Intangible assets, net	328,753	20,117	328,489	(D)	348,606	677,359
Real estate held for sale, net	204,683					204,683
Other assets, net	474,351	146,748	(77,157)	(E)	69,591	543,942
Total assets	$ 8,879,326	$ 1,600,057	$ 1,417,701		$ 3,017,758	$ 11,897,084
LIABILITIES AND STOCKHOLDERS EQUITY						
Bank line of credit and term loan	$	$ 550,000	$ 2,200,000	(F)	$ 2,750,000	$ 2,750,000
Due to SEGRO		210,000	(210,000)	(F)		
Senior unsecured notes	3,223,422	383,608	(383,608)	(F)		3,223,422
Mortgage debt	1,260,885	52,291	(19,840)	(F)	32,451	1,293,336
Other debt	108,497					108,497
Intangible liabilities, net	145,047	6,713	147,734	(G)	154,447	299,494
Accounts payable and accrued expenses and deferred revenues	196,286	143,128	(62,268)	(H)	80,860	277,146
Total liabilities	4,934,137	1,345,740	1,672,018		3,017,758	7,951,895
Minority interests:						
Joint venture partners	34,305					34,305
Non-managing member unitholders	306,497					306,497
Total minority interests	340,802					340,802
Stockholders equity:						
Preferred stock	285,173	185,000	(185,000)	(I)		285,173
Common stock	206,379	1	(1)	(I)		206,379
Additional paid-in capital	3,392,612	33,413	(33,413)	(I)		3,392,612
Cumulative net income	2,155,265	37,485	(37,485)	(I)		2,155,265
Cumulative dividends	(2,449,360)					(2,449,360)
Accumulated other comprehensive income (loss)	14,318	(1,582)	1,582	(I)		14,318
Total stockholders equity	3,604,387	254,317	(254,317)			3,604,387
Total liabilities and stockholders equity	$ 8,879,326	$ 1,600,057	$ 1,417,701		$ 3,017,758	$ 11,897,084

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

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Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the six months ended June 30, 2007
(In thousands, except per share data)

	HCP Historical	SEUSA Historical (A)	Pro Forma Adjustments		Consolidated Pro Forma HCP
Revenues and other income:					
Rental and related revenues	$ 407,946	$ 76,277	$ 15,605	**(J)**	$ 499,828
Income from direct financing leases	30,205				30,205
Investment management fee income	10,459				10,459
Interest and other income	34,947	880			35,827
	483,557	77,157	15,605		576,319
Costs and expenses:					
Interest	151,337	58,335	28,027	**(K)**	237,699
Depreciation and amortization	121,328	29,017	14,861	**(L)**	165,206
Operating	81,350	10,748	9,512	**(M)**	101,610
General and administrative	38,884	16,583			55,467
	392,899	114,683	52,400		559,982
Operating income / (loss)	90,658	(37,526)	(36,795)		16,337
Equity income from unconsolidated joint ventures	2,516	4,668			7,184
Gains on sale of real estate interests, net	10,141				10,141
Minority interests share of earnings	(11,974)	(338)	338	**(N)**	(11,974)
Income / (loss) before income taxes	91,341	(33,196)	(36,457)		21,688
Income tax expense		(12,997)	12,997	**(O)**	
Income / (loss) from continuing operations	91,341	(20,199)	(49,454)		21,688
Less: preferred stock dividends	(10,566)				(10,566)
Income / (loss) from continuing operations applicable to common stocks	$ 80,775	(20,199)	(49,454)		11,122
Income (loss) from continuing operations per common share basic**(P)**	$ 0.39				$ 0.05
Income (loss) from continuing operations per common share diluted**(P)**	$ 0.39				$ 0.05
Weighted average shares used to calculate income per common stock:					
Basic**(P)**	204,882		1,353	**(Q)**	206,235
Diluted**(P)**	206,470		1,353	**(Q)**	207,823

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the year ended December 31, 2006
(In thousands, except per share data)

	HCP Historical Restated	SEUSA Historical(A)	Pro Forma Adjustments		Total HCP Pro Forma For SEUSA	Pro Forma CRP Acquisitions (R)		Consolidated Pro Forma HCP
Revenues and other income:								
Rental and related revenues	$ 519,337	$ 120,356	$ 28,284	**(J)**	$ 667,977	$ 261,396		$ 929,373
Income from direct financing leases	15,008				15,008	45,522		60,530
Investment management fee income	3,895				3,895			3,895
Interest and other income	36,184	1,026			37,210	5,773		42,983
	574,424	121,382	28,284		724,090	312,691		1,036,781
Costs and expenses:								
Interest	212,188	29,192	143,534	**(K)**	384,914	167,634		552,548
Depreciation and amortization	133,714	47,338	40,419	**(L)**	221,471	116,322		337,793
Operating	89,139	15,932	19,023	**(M)**	124,094	26,689		150,783
General and administrative	47,290	23,250			70,540	36,508		107,048
Impairments	3,577				3,577			3,577
	485,908	115,712	202,976		804,596	347,153		1,151,749
Operating income / (loss)	88,516	5,670	(174,692)		(80,506)	(34,462)		(114,968)
Equity income from unconsolidated joint ventures	8,331	10,428			18,759	328		19,087
Loss on sale of real estate interests and other investments, net		(546)			(546)			(546)
Minority interests	(14,805)	(1,652)	1,652	**(N)**	(14,805)	(414)		(15,219)
Income / (loss) before income taxes	82,042	13,900	(173,040)		(77,098)	(34,548)		(111,646)
Income tax expense		4,630	(4,630)	**(O)**		650		650
Income / (loss) from continuing operations	82,042	9,270	(168,410)		(77,098)	(35,198)		(112,296)
Less: preferred stock dividends	(21,130)				(21,130)			(21,130)
Income / (loss) from continuing operations applicable to common stocks	$ 60,912	$ 9,270	$ (168,410)		$ (98,228)	$ (35,198)		$ (133,426)
Income / (loss) from continuing operations per common share basic**(P)**	$ 0.41				$ (0.66)			$ (0.65)
Income / (loss) from continuing operations per common share diluted**(P)**	$ 0.41				$ (0.66)			$ (0.65)
Weighted-average shares used to calculate income / (loss) per common stock:								
Basic**(P)**	148,236				148,236	56,149	**(Q)**	204,385
Diluted**(P)**	149,226				148,236	56,149	**(Q)**	204,385

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

Notes to Unaudited Pro Forma Condensed
Consolidated Financial Statements

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the respective historical financial statements and the notes thereto of HCP and SEUSA for the year ended December 31, 2006 and as of and for the six months ended June 30, 2007.

(A) The historical financial statements of SEUSA for the year ended December 31, 2006 and as of and for the six months ended June 30, 2007 have been presented based on the financial statement classification of HCP.

(B) On August 1, 2007, HCP completed the acquisition of SEUSA, which was a wholly-owned subsidiary of SEGRO plc, a public limited company incorporated under the laws of England and Wales (SEGRO), pursuant to the Share Purchase Agreement, entered into between HCP and SEGRO, dated as of June 3, 2007 (the Share Purchase Agreement). The Acquisition was effected by HCP acquiring 100% of the capital stock of SEUSA, with SEUSA surviving as a wholly-owned subsidiary of HCP. Under the terms of the Share Purchase Agreement, HCP paid SEGRO cash consideration of approximately $2.9 billion, subject to certain adjustments. The calculation of the Acquisition consideration and total purchase price follow (in thousands):

Calculation of SEUSA purchase price	
Payment of aggregate cash consideration	$ 2,900,000
SEUSA intangible liabilities at book value	6,713
All other SEUSA liabilities at book value	143,128
Adjustment to record SEUSA intangible liabilities at fair value (Note G)	147,734
Adjustment to record SEUSA other liabilities at fair value (Note H)	(62,268)
Estimated fees and other expenses related to the Acquisition	10,000
Total purchase price	$ 3,145,307

The calculation of the estimated fees and other expenses related to the Acquisition follow (in thousands):

Advisory fees	$ 2,000
Legal, accounting and other fees and costs	8,000
Total	$ 10,000

(C) SEUSA s real estate assets have been adjusted to their preliminary estimated fair values as of June 30, 2007 and SEUSA s historical accumulated depreciation and amortization balances are eliminated when real estate assets are recorded at fair value.

(D) Adjustments to SEUSA s historical balance of intangible assets follow (in thousands):

Recognition of assets associated with the acquired in-place leases that have favorable market rental rates	$ 114,164
Recognition of other related in-place lease intangibles	234,442
Elimination of historical carrying value of in-place lease intangible assets	(20,117)
	$ 328,489

Other related in-place lease intangible assets acquired include amounts for in-place lease values that are based on HCP s evaluation of the specific characteristics of each tenant s lease. Factors to be considered include estimates of carrying costs during hypothetical expected lease-up periods, market conditions, and costs to execute similar leases. In estimating carrying costs, HCP includes estimates of lost rentals at market rates during the expected lease-up periods, depending on local market conditions. In estimating costs to execute similar leases, HCP considers leasing commissions, legal and other related costs.

(E) Adjustments to SEUSA s historical balance of other assets follow (in thousands):

Deferral of issuance costs associated with debt issued in the Acquisition	$ 8,521
Elimination of historical straight-line rent receivable balance	(61,814)
Elimination of historical deferred debt issuance and leasing costs and leasing commissions	(23,864)
	$ (77,157)

(F) On August 1, 2007, HCP obtained a $2.75 billion bridge loan maturing on July 31, 2008 which also includes two six-month extension periods. In reflecting the funding for the Acquisition on the balance sheet as of June 30, 2007 to fund the consideration of $2.9 billion, estimated fees and costs related to the Acquisition of $10 million (Note B), and the $8.5 million bridge loan debt issuance costs (Note E), HCP was assumed to have used $169 million of cash on hand. Prior to August 1, 2007, SEUSA repaid its bank line of credit, senior unsecured notes and $20 million of mortgage debt using advances from SEGRO. The SEGRO advances were repaid in full at the date of closing of the SEUSA acquisition.

(G) Adjustments to SEUSA s historical balance of intangible liabilities follow (in thousands):

Recognition of liabilities associated with the acquired in-place leases that have below-market rental rates	$ 154,447
Elimination of liabilities associated with acquired in-place leases that have below-market rental rates	(6,713)
	$ 147,734

(H) Adjustments to SEUSA s historical balance of other liabilities follow (in thousands):

Elimination of historical deferred tax liability	$ (46,527)
Elimination of deferred revenue	(15,741)
	$ (62,268)

(I) Adjustments represent the elimination of historical SEUSA balances. Because the acquisition of SEUSA was financed with cash, no additional shares of HCP were issued in connection with the Acquisition.

(J) Adjustments to rental income and other revenues follow (in thousands):

	Year Ended December 31, 2006	**Six Months Ended June 30, 2007**
Recognize the total minimum lease payments provided under the acquired leases on a straight-line basis over the remaining term from the assumed acquisition date of January 1, 2006	$ 8,824	$ 3,742
Recognize the amortization of above-and below-market lease intangibles	3,362	1,681
Increase in tenant expense recoveries related to increase in real estate taxes (see Note M)	19,023	9,512
Eliminate SEUSA s historical straight-line rent and deferred revenue adjustment, net	314	2,254
Eliminate SEUSA s historical amortization of above- and below-market lease intangibles	(3,239)	(1,584)
	$ 28,284	$ 15,605

(K) Adjustments to interest expense follow (in thousands):

	Year Ended December 31, 2006	**Six Months Ended June 30, 2007**
Interest expense associated with debt issued and assumed in the Acquisition	$ 167,360	$ 83,680
Amortization of the premium recognized on assumed debt	(315)	(158)
Amortization of debt issuance costs associated with new debt issued in the Acquisition	5,681	2,840
Eliminate SEUSA s historical interest expense	(29,192)	(58,335)
	$ 143,534	$ 28,027

The pro forma increase in interest expense as a result of the issuance of new debt in the Acquisition is calculated using rates for the lines of credit and short-term borrowings issued on August 1, 2007 (the date that the Acquisition was completed). Each 1/8 of 1% increase in the annual interest assumed with respect to the debt will increase pro forma interest expense by $3.4 million for the year ended December 31, 2006 and $1.7 million for the six month period ended June 30, 2007.

(L) Adjustments to depreciation and amortization expense follow (in thousands):

	Year Ended December 31, 2006	**Six Months Ended June 30, 2007**
Real estate depreciation expense as a result of the recording of SEUSA s real estate at its estimated fair value at the assumed acquisition date of January 1, 2006	$ 47,599	$ 23,799
Amortization expense related to lease-up related intangible assets associated with acquired leases	40,158	20,079
Eliminate SEUSA s historical depreciation and amortization	(47,338)	(29,017)
	$ 40,419	$ 14,861

An estimated useful life of 35 years was assumed to compute real estate depreciation. For assets and liabilities associated with the value of in-place leases, a weighted-average remaining lease term of approximately 9 years was used to compute amortization expense. The Company computes depreciation

and amortization using the straight-line method over the estimated useful lives of the properties or the remaining lease term of the related intangible.

(M) Net impact in real estate tax expense based on the step-up in basis of certain properties as a result of the Acquisition.

(N) Minority interests share of earnings of SEUSA has been eliminated because HCP acquired the interests of all minority shareholders in the Acquisition.

(O) At the closing of this Acquisition, 100% of the capital stock of SEUSA was acquired by a REIT subsidiary of HCP, which, assuming the acquisition was effective January 1, 2006, substantially all of the amounts of the deferred tax obligations and income tax expense would then be eliminated.

(P) The calculations of basic and diluted earnings from continuing operations attributable to common stock per share follow (in thousands, except per share data):

	Year Ended December 31, 2006			Six Months Ended June 30, 2007	
	HCP Historical	Total HCP Pro Forma for SEUSA	Total HCP Pro Forma for SEUSA and CRP	HCP Historical	Pro Forma HCP
Income (loss) from continuing operations	$ 82,042	$ (77,098)	$ (112,296)	$ 91,341	$ 21,688
Less: preferred stock dividends	(21,130)	(21,130)	(21,130)	(10,566)	(10,566)
Earnings (loss) from continuing operations attributable to common stocks	$ 60,912	$ (98,228)	$ (133,426)	$ 80,775	$ 11,122
Weighted average shares used to calculate earnings per common stock Basic	148,236	148,236	204,385	204,882	206,235
Incremental weighted average effect of potentially dilutive instruments	$ 990			1,588	1,588
Adjusted weighted average shares used to calculate earnings (loss) per common stock Diluted	149,226	148,236	$ 204,385	$ 206,470	$ 207,823
Earnings (loss) from continuing operations per common Stock Basic	$ 0.41	$ (0.66)	$ (0.65)	$ 0.39	$ 0.05
Earnings (loss) from continuing operations per common Stock Diluted	$ 0.41	$ (0.66)	$ (0.65)	$ 0.39	$ 0.05

(Q) The pro forma weighted-average shares outstanding are the historical weighted-average shares of HCP for the periods presented, adjusted for the issuance of 40.3 million shares (33.5 million shares issued in November 2006 and 6.8 million shares issued in January 2007) of HCP common stock whose proceeds were used to repay debt initially used to finance the CRP Acquisitions and the issuance of 27.2 million shares of HCP common stock issued in conjunction with the CRP Acquisitions, which were assumed to have been issued at January 1, 2006.

(R) Because the results of CRP and the Advisor are not fully reflected in the historical statement of operations of HCP for the year ended December 31, 2006, pro forma information to reflect the CRP Acquisitions for the year ended December 31, 2006 is presented (collectively, Pro Forma CRP Acquisitions). Additionally, HCP entered into certain capital market and financing transactions subsequent to the CRP Acquisitions but related to the CRP Acquisitions, which are not fully reflected in the historical statement of operations of HCP for year ended December 31, 2006. These Pro Forma CRP Acquisitions adjustments for the year ended December 31, 2006 have been prepared as if they had occurred as of January 1, 2006 for the year ended December 31, 2006. The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the respective

historical financial statements and the notes thereto of CRP and the Advisor for the year ended December 31, 2005 and as of and for the nine months ended September 30, 2006.

	CRP Historical Nine Months ended September 30, 2006	**CRP Re-Classifications (R1)**	**CRP Reclassified**	**CRP Pro Forma Adjustments**	**Advisor Historical Nine Months ended September 30, 2006**	**Advisor Pro Forma Adjustments**	**CRP/ Advisor Eliminations**	**Pro Forma CRP Acquisitions**
Revenues and other income:								
Rental and other revenues	$	$ 272,900	$ 272,900	$ 33,416 **(R2)**	$	$	$	$ 261,396
				(2,054)**(R2)**				
				(32,034)**(R2)**				
				547 **(R2)**				
				(11,379)**(R2)**				
Seniors housing rental income	187,078	(187,078)						
Earned income from direct financing leases	45,522		45,522					45,522
FF&E reserve income	6,038	(6,038)						
Contingent rent	839	(839)						
Medical facilities rental income and other revenues	78,945	(78,945)						
Equity income from unconsolidated joint ventures	328	(328)						
Acquisition fees					2,599		(2,599)**(R9)**	
Debt acquisition fees					4,328		(4,328)**(R9)**	
Management fees					15,742		(15,742)**(R9)**	
Interest and other income	5,773		5,773		2,278		(2,278)**(R9)**	5,773
	324,523	(328)	324,195	(11,504)	24,947		(24,947)	312,691
Costs and expenses:								
Interest	71,164		71,164	104,609 **(R3)**				167,634
				(3,530)**(R3)**				
				(225)**(R4)**				
				(4,384)**(R4)**				
Depreciation and amortization	84,260		84,260	23,718 **(R5)**		4,538 **(R7)**		116,322
				6,530 **(R5)**				
				(2,724)**(R5)**				
Operating		26,372	26,372	317 **(R6)**				26,689
Seniors housing property expenses	749	(749)						
Medical facilities operating expenses	25,623	(25,623)						
General and administrative	23,301	7,676	30,977	(7,193)**(R10)**	15,002		(2,278)**(R9)**	36,508
Asset management fees paid to related party	15,597		15,597				(15,597)**(R9)**	
Impairments								
Provision for doubtful accounts	8,326	(8,326)						
	229,020	(650)	228,370	117,118	15,002	4,538	(17,875)	347,153
Income before minority interests	95,503	322	95,825	(128,622)	9,945	(4,538)	(7,072)	(34,462)
Equity income from unconsolidated joint ventures		328	328					328
Minority interests	(414)		(414)					(414)
	95,089	650	95,739	(128,622)	9,945	(4,538)	(7,072)	(34,548)

Earnings before income taxes								
Income tax expense		650	650		3,804	(3,804)**(R8)**		650
Income from continuing operations	$ 95,089	$	$ 95,089	$ (128,622)	$ 6,141	$ (734)	$ (7,072)	$ (35,198)
Weighted-average shares used to calculate income/(loss) per common stock:								
Basic (Q)				56,149				56,149
Diluted (Q)				56,149				56,149

(R1) Reclassifications to conform certain CRP amounts to HCP s presentation are as follows:

- Seniors housing rental income, FF&E reserve income, Contingent rent, and Medical facilities rental inco and other revenues have been reclassified to Rental and other revenues;

- Seniors housing property expenses and Medical facilities operating expenses have been reclassified to Operating;

- Provision for doubtful accounts has been reclassified to General and administrative;

- Income taxes have been reclassified from General and administrative to a separate line item; and

- Reclassification of equity income from unconsolidated joint ventures from revenues and other income to other operating income to conform to classification used in 2007.

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(R2) Adjustments to CRP s rental income and other revenues are as follows (in thousands):

Recognize the total minimum lease payments provided under the acquired leases on a straight-line basis over the remaining term from January 1, 2006	$ 33,416
Recognize the amortization of above- and below-market lease intangibles	(2,054)
Eliminate CRP s historical straight-line rent adjustment	(32,034)
Eliminate CRP s historical amortization of above- and below-market lease intangibles	547
Eliminate CRP s historical rental revenue earned from divested properties	(11,379)
	$ (11,504)

(R3) On October 5, 2006, in connection with the CRP Acquisitions, HCP entered into credit agreements with a syndicate of banks providing for aggregate borrowings of $3.4 billion. The credit facilities included a $700 million bridge loan, a $1.7 billion two-year term loan, and a $1.0 billion three-year revolving credit facility. $2.1 billion of the aggregate borrowings of $3.0 billion needed to acquire CRP were assumed or repaid using the proceeds from the following transactions:

a. On November 10, 2006, HCP issued 33.5 million shares of common stock and received net proceeds of approximately $960 million. (See note Q)

b. On December 4, 2006, HCP issued $400 million senior unsecured notes priced at 99.768% of the principal amount for an effective yield of 5.69%.

c. On January 19, 2007, HCP issued 6.8 million shares of common stock and received net proceeds of approximately $261 million (See note Q).

d. On January 22, 2007, HCP issued $500 million senior unsecured notes priced at 99.323% of the principal amount for an effective yield of 6.09%.

Pro Forma CRP interest expense adjustments for the above debt transactions are as follows (in thousands):

Increase in interest expense associated with senior unsecured notes, term loan and bridge loans for the CRP Acquisitions	104,609
Eliminate amortization of issuance costs of bridge and term loans repaid with subsequent financing and capital market transactions	(3,530)
	$ 101,079

The pro forma increase in interest expense as a result of the issuance of $900 million senior unsecured notes and a $870 million term loan in the CRP Acquisitions is calculated using effective rates of the senior notes and the rates for the short-term borrowings issued on October 5, 2006 (the date that the CRP Acquisitions were completed), respectively. Each 1/8 of 1% increase in the annual interest assumed with respect to the debt will increase pro forma interest expense by $2.2 million for the year ended December 31, 2006.

(R4) Amortization of the net premiums and discounts recognized at the merger date of the CRP Acquisitions for the fair value of the assumed CRP mortgage debt of $225,000, and elimination of historical interest expense of approximately $4.4 million incurred on debt repaid in conjunction with divested properties.

(R5) Adjustments to depreciation expenses are as follows (in thousands):

Represents the increase in real estate depreciation expense as a result of the recording of CRP s real estate at its estimated fair value at the assumed CRP Acquisitions date of January 1, 2006	$ 23,718
Represents the incremental amortization expense related to lease-up related intangible assets associated with acquired leases	6,530
Eliminate CRP s historical depreciation expense incurred from divested properties	(2,724)
	$ 27,524

An estimated useful life of 35 years was assumed to compute the adjustment to real estate depreciation. For assets and liabilities associated with the value of in-place leases, a weighted-average remaining lease term of 7 years was used to compute amortization expense.

(R6) Operating expenses are adjusted to include amortization of below-market ground lease intangibles.

(R7) Depreciation and amortization is adjusted to include the amortization of non-compete contract intangibles. A 4 year period was used to compute amortization expense.

(R8) Income taxes of the Advisor have been eliminated as a result of the merger with CRP, which is assumed as of January 1, 2006. At the closing of this merger, the Advisor was merged into a Qualifying REIT Subsidiary which, assuming the merger was effective as of January 1, 2006, would eliminate the Advisor s income tax obligations.

(R9) Represents the elimination of acquisition, debt acquisition, management and other fees earned by the Advisor from CRP. Because acquisition fees and debt acquisition fees paid by CRP to the Advisor are capitalized by CRP, only management fees and other fees are eliminated within costs and expenses.

(R10) Represents the elimination of nonrecurring charges directly attributable to the CRP Acquisitions.

DESCRIPTION OF THE NOTES

Please read the following information concerning the notes in conjunction with the statements under Description of the Debt Securities We May Offer in the accompanying prospectus, which the following information supplements and, if there are any inconsistencies, supersedes. The following description is not complete. The notes will be issued under the Indenture, dated as of September 1, 1993, related to our senior unsecured debt, that we have entered into with The Bank of New York, as trustee. The Indenture is described in the accompanying prospectus and is filed as an exhibit to the registration statement under which the notes are being offered and sold. As used in this section, references to HCP, we, us, or our do not include any current or future subsidiary of, or other entity controlled by, HCP.

General

HCP will offer $600,000,000 of senior notes due January 30, 2018 under the Indenture.

The notes will constitute part of the senior unsecured debt of HCP and are equal in right of payment to any other existing or future senior unsecured obligations of HCP. The indenture does not limit the aggregate principal amount of debt securities that HCP may issue under the indenture. The notes will not be subject to any mandatory redemption or sinking fund payments.

Interest Payments and Maturity

The entire principal amount of the notes will mature and become due and payable, together with any accrued and unpaid interest, on January 30, 2018.

The notes will bear interest at the annual rate set forth on the cover page of this prospectus supplement beginning October 15, 2007. The interest will be paid semi-annually on January 30 and July 30 of each year, beginning on January 30, 2008, to the person in whose name the note is registered at the close of business on the date that is 15 calendar days prior to such date, whether or not such date is a business day. We will compute the amount of interest payable on the basis of a 360-day year of twelve 30-day months.

If any interest payment date or any maturity date falls on a day that is not a business day, the required payment of principal and/or interest will be made on the next succeeding business day as if made on the date such payment was due, and no interest will accrue on such payment for the period from and after such interest payment date or maturity date, as the case may be, to the date of such payment on the next succeeding business day.

Optional Redemption

We may redeem all or part of the notes at any time at our option at a redemption price equal to the greater of: (1) 100% of the principal amount of the notes to be redeemed, or (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable treasury rate plus 35 basis points, plus accrued and unpaid interest on the amount being redeemed to the date of redemption.

Treasury rate means, with respect to any redemption date:

- the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H.15(519) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the comparable treasury issue (if no maturity is within three months before or after the remaining life (as defined below), yields for the two published maturities most closely corresponding to the comparable treasury issue will be determined and the treasury rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or

- if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the comparable treasury issue, calculated using a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for such redemption date.

The treasury rate will be calculated by the Independent Investment Banker on the third business day preceding the date fixed for redemption.

Comparable treasury issue means the U.S. Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term (remaining life) of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

Comparable treasury price means (1) the average of five Reference Treasury Dealer quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

Independent Investment Banker means one of the Reference Treasury Dealers appointed by us to act as the Independent Investment Banker.

Reference Treasury Dealers means each of Barclays Capital Inc., UBS Securities LLC and Banc of America Securities LLC and their respective successors and two other nationally recognized investment banking firms that are Primary Treasury Dealers specified from time to time by us; provided, however, that if any of the foregoing shall cease to be a primary US Government securities dealer in the United States (a Primary Treasury Dealer), we shall substitute therefor another nationally recognized investment banking firm that is a Primary Treasury Dealer.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

We may redeem the notes in increments of $1,000. If we are redeeming less than all of the notes, the trustee will select the notes to be redeemed using a method it considers fair and appropriate. We will cause notices of redemption to be mailed by first-class mail at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address.

If any of the notes are to be redeemed in part only, the notice of redemption that relates to the relevant note will state the portion of the principal amount thereof to be redeemed. We will issue a note in principal amount equal to the unredeemed portion of the original note in the name of the holder thereof upon cancellation of the original note. Any notes called for redemption will become due on the date fixed for redemption. On or after the redemption date, interest will cease to accrue on the notes or portions of them called for redemption.

Offer to Repurchase Upon a Change of Control Repurchase Event

If a Change of Control Repurchase Event (defined below) occurs, unless we have previously exercised our right to otherwise redeem the notes as described above, we will make an offer to each holder of notes to repurchase all or any part (in multiples of $1,000 principal amount) of that holder s notes at a repurchase price in cash equal to 101% of the aggregate principal amount of notes repurchased plus any accrued and unpaid interest on the notes repurchased to the date of repurchase. Within 30 days following any Change of Control Repurchase Event or, at our option, prior to any Change of Control (defined below), but after the public announcement of the Change of Control, we will mail a notice to each holder describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the Change of Control, state that the offer to repurchase is conditioned on the Change of Control Repurchase Event occurring on or prior to the payment date specified in the notice.

We will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, or the Exchange Act, and any other securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the notes, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Repurchase Event provisions of the notes by virtue of such conflict.

On the Change of Control Repurchase Event payment date, we will, to the extent lawful:

(1) accept for payment all notes or portions of notes properly tendered pursuant to our offer;

(2) deposit with the paying agent an amount equal to the aggregate purchase price in respect of all notes or portions of notes properly tendered; and

(3) deliver or cause to be delivered to the trustee the notes properly accepted, together with an officers certificate stating the aggregate principal amount of notes being purchased by us.

The paying agent will promptly pay, from funds deposited by us for such purpose, to each holder of notes properly tendered the purchase price for the notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new note equal in principal amount to any unpurchased portion of any notes surrendered.

We will not be required to make an offer to repurchase the notes upon a Change of Control Repurchase Event if a third party makes an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and such third party purchases all notes properly tendered and not withdrawn under its offer.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of our properties or assets and those of our subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all , there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase the notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of our assets and the assets of our subsidiaries taken as a whole to another person or group may be uncertain.

For purposes of the notes:

Change of Control Repurchase Event means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

Change of Control means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of our properties or assets and those of our subsidiaries, taken as a whole, to any person (as that term is used in Section 13(d)(3) of the Exchange Act), other than us or one of our wholly owned subsidiaries; or

(2) the adoption of a plan relating to our liquidation or dissolution; or

(3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as that term is used in Section 13(d)(3) of the Exchange Act), other than us or one of our wholly owned subsidiaries (provided that this exception does not include any transaction in which public stockholders cease to own Voting Stock entitling public stockholders to elect the same percentage of the members of our board of directors as public stockholders are entitled to elect on the date hereof), becomes the beneficial owner, directly or indirectly, of more than 50% of our Voting Stock, measured by voting power rather than number of shares; or

(4) the first day on which a majority of the members of our board of directors are not Continuing Directors.

Notwithstanding the foregoing, a transaction effected to create a holding company for us will not be deemed to involve a Change of Control if (1) pursuant to such transaction we become a wholly owned subsidiary of such holding company and (2) the holders of the Voting Stock of such holding company immediately following such transaction are the same as the holders of our Voting Stock immediately prior to such transaction.

Continuing Directors means, as of any date of determination, any member of our board of directors who:

(1) was a member of such board of directors on the first date that any of the notes were issued; or

(2) was nominated for election or elected to our board of directors with the approval of a majority of the Continuing Directors who were members of our board of directors at the time of such nomination or election.

Voting Stock, as applied to stock of any person, means shares, interests, participations or other equivalents in the equity interest (however designated) in such person having ordinary voting power for the election of the directors (or the equivalent) of such person, other than shares, interests, participations or other equivalents having such power only by reason of the occurrence of a contingency.

Below Investment Grade Rating Event means the notes are rated below Investment Grade by both Rating Agencies on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of a Change of Control (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by either of the Rating Agencies); provided that a Below Investment Grade Rating Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Below Investment Grade Rating Event for purposes of the definition of Change of Control Repurchase Event) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Below Investment Grade Rating Event).

Investment Grade means a rating of Baa3 or better by Moody s (or its equivalent under any successor rating categories of Moody s) and BBB- or better by S&P (or its equivalent under any successor rating categories of S&P) (or, in each case, if such Rating Agency ceases to rate the notes for reasons outside of our control, the equivalent investment grade credit rating from any Rating Agency selected by us as a replacement Rating Agency).

Rating Agency means:

(1) each of Moody s and S&P; and

(2) if either of Moody s or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by us as a replacement agency for Moody s or S&P, or both, as the case may be.

Moody s means Moody s Investors Service, Inc.

S&P means Standard & Poor s Ratings Services, a division of The McGraw-Hill Companies, Inc.

Forms and Denominations

The notes will be issued as permanent global securities in the name of a nominee of the Depository Trust Company and will be available only in book-entry form. See Legal Ownership and Book-Entry Issuance Book-Entry Owners in the accompanying prospectus. The notes are available for purchase in integral multiples of $1,000.

Further Issuances

We may, without the consent of the holders of the notes, create and issue additional notes ranking equally with the notes offered by this prospectus supplement in all respects, including having the same CUSIP number, so that such additional notes would be consolidated and form a single series with the notes offered hereby and would have the same terms as to status, redemption or otherwise as the notes offered hereby. No additional notes may be issued if an Event of Default has occurred and is continuing with respect to the notes.

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated October 10, 2007, we have agreed to sell to the underwriters named below, for whom Barclays Capital Inc., UBS Securities LLC and Banc of America Securities LLC are acting as representatives, the following respective principal amounts of the notes:

Underwriters	Principal Amount
Barclays Capital Inc.	$ 150,000,000
UBS Securities LLC	150,000,000
Banc of America Securities LLC	150,000,000
Credit Suisse Securities (USA) LLC	50,000,000
Wachovia Capital Markets, LLC	50,000,000
Wells Fargo Securities, LLC	50,000,000
Total	$ 600,000,000

The underwriting agreement provides that the underwriters are obligated to purchase all of the notes if any are purchased. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering of notes may be terminated.

The underwriters propose to offer the notes initially at the public offering price on the cover page of this prospectus supplement and to selling group members at that price less a concession not to exceed 0.400% of the aggregate principal amount of the notes. The underwriters may allow, and those dealers may reallow, a concession not to exceed 0.250% of the aggregate principal amount of the notes. After the initial public offering, the underwriters may change the public offering price and concession and discount to broker/dealers.

The following table shows the underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering.

	Paid by HCP
Per Note	0.650%
Total	$ 3,900,000

We estimate that our total expenses for this offering, excluding discounts and commissions, will be approximately $300,000.

The notes are a new issue of securities with no established trading market. One or more of the underwriters intends to make a secondary market for the notes. However, they are not obligated to do so and may discontinue making a secondary market for the notes at any time without notice. No assurance can be given as to how liquid the trading market for the notes will be.

The underwriters and/or their affiliates have provided and in the future may provide investment banking, commercial banking and/or advisory services to us from time to time for which they have received and in the future may receive customary fees and expenses and may have entered into and in the future may enter into other transactions with us. In particular, affiliates of certain of the underwriters are lenders under our credit facilities, including our bridge loan, and therefore will receive a portion of the net proceeds from this offering through the repayment of borrowings under the bridge loan.

We have agreed to indemnify the underwriters against liabilities under the Securities Act of 1933, as amended, or contribute to payments which the underwriters may be required to make in that respect.

In connection with the offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Exchange Act.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

- Over-allotment involves sales by the underwriters of notes in excess of the aggregate principal amount of the notes the underwriters are obligated to purchase, which creates a syndicate short position.

- Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover syndicate short positions.

- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the notes originally sold by the syndicate member are purchased in a stabilizing transaction or a syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market. These transactions, if commenced, may be discontinued at any time.

VALIDITY OF THE NOTES

Certain legal matters with respect to the notes offered hereby will be passed upon for us by Sullivan & Cromwell LLP, Los Angeles, California. Sidley Austin LLP, San Francisco, California, will act as counsel for the underwriters. Certain legal matters relating to Maryland law will be passed upon for us by Ballard Spahr Andrews & Ingersoll, LLP, Baltimore, Maryland. Paul C. Pringle, a partner of Sidley Austin LLP, owns 48,510 shares of our common stock.

EXPERTS

The consolidated financials statements and schedule of HCP, Inc. at December 31, 2006 and 2005 and for each of the three years in the period ended December 31, 2006 appearing in HCP, Inc. s Current Report (Form 8-K) dated September 19, 2007, and HCP, Inc. management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2006 included in HCP, Inc. s Annual Report (Form 10-K) for the year ended December 31, 2006, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and schedule, and management s assessment have been incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The audited historical financial statements included in exhibit 99.2 of HCP Inc. s Current Report on Form 8-K/A dated September 24, 2007 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

PROSPECTUS

Health Care Property Investors, Inc.

Common Stock
Preferred Stock
Depositary Shares
Debt Securities
Warrants or Other Rights
Stock Purchase Contracts
Units

Health Care Property Investors, Inc. from time to time may offer to sell the securities listed above. The preferred stock, debt securities, warrants, rights and stock purchase contracts may be convertible into or exercisable or exchangeable for common or preferred stock or other securities of Health Care Property Investors, Inc. or debt or equity securities of one or more other entities. Our common stock is quoted on the New York Stock Exchange (the NYSE) under the symbol HCP.

Health Care Property Investors, Inc. may offer and sell these securities directly or to or through one or more underwriters, dealers and/or agents, or directly to purchasers on a continuous or delayed basis.

This prospectus describes some of the general terms that may apply to these securities and the general manner in which they may be offered. The specific terms of any securities to be offered, and the specific manner in which they may be offered, will be described in a supplement to this prospectus.

You should consider the risks discussed in Risk Factors beginning on page 4 of this prospectus before you invest in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is September 8, 2006

Health Care Property Investors, Inc.
3760 Kilroy Airport Way, Suite 300
Long Beach, California 90806
(562) 733-5100

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All references in this prospectus to HCP, we, us or our mean Health Care Property Investors, Inc., its majority-owned subsidiaries and other entities controlled by Health Care Property Investors, Inc. except where it is clear from the context that the term means only the issuer, Health Care Property Investors, Inc. Unless otherwise stated, currency amounts in this prospectus are stated in United States dollars.

When acquiring any securities discussed in this prospectus, you should rely only on the information contained or incorporated by reference in this prospectus and the applicable prospectus supplement. We have not authorized anyone else to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. An offer to sell these securities will not be made in any jurisdiction where the offer and sale is not permitted. You should not assume that the information appearing in this prospectus, as well as information we previously filed with the Securities and Exchange Commission and incorporated by reference, is accurate as of any date other than the date mentioned on the front cover of those documents. Our business, financial condition, results of operations and prospects may have changed since that date.

ABOUT THIS PROSPECTUS

This prospectus is part of an automatic shelf registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or the SEC, as a well-known seasoned issuer as defined in Rule 405 under the Securities Act of 1933, as amended. As allowed by the SEC rules, this prospectus does not contain all of the information included in the registration statement. For further information, we refer you to the registration statement, including its exhibits. Statements contained in this prospectus about the provisions or contents of any agreement or other document are not necessarily complete. If the SEC s rules and regulations require that an agreement or document be filed as an exhibit to the registration statement, please see that agreement or document for a complete description of these matters.

You should read this prospectus and any prospectus supplement together with any additional information you may need to make your investment decision. You should also read and carefully consider the information in the documents we have referred you to in Where You Can Find More Information below. Information incorporated by reference after the date of this prospectus is considered a part of this prospectus and may add, update or change information contained in this prospectus. Any information in such subsequent filings that is inconsistent with this prospectus will supersede the information in this prospectus or any earlier prospectus supplement.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any materials we file with the SEC at its public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of this information by mail from the public reference room of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. Our SEC filings are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. You may inspect information that we file with The New York Stock Exchange, as well as our SEC filings, at the offices of The New York Stock Exchange at 20 Broad Street, New York, New York 10005.

The SEC allows us to incorporate by reference certain information we file with the SEC, which means that we can disclose important information to you by referring to the other information we have filed with the SEC. We incorporate by reference the following documents we filed with the SEC pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (other than any portions of any such documents that are not deemed filed under the Securities Exchange Act of 1934 in accordance with the Securities Exchange Act of 1934 and applicable SEC rules):

- our Current Reports on Form 8-K filed on February 9, 2006, February 17, 2006, February 21, 2006, May 2, 2006 (pursuant to Items 8.01 and 9.01), May 4, 2006, May 17, 2006, June 30, 2006, August 2, 2006, August 4, 2006 and August 17, 2006 and the two Current Reports on Form 8-K filed on September 8, 2006;

- our Quarterly Reports on Form 10-Q for the quarters ended March 31 and June 30, 2006;

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2005; and

- the description of our common stock contained in our registration statement on Form 10 dated May 7, 1985 (File No. 1-8895), including the amendments dated May 20, 1985 and May 23, 1985, and any other amendment or report filed for the purpose of updating such description, including the description of amendments to our charter contained in our Quarterly Reports on Form 10-Q for the quarters ended June 30, 2001 and June 30, 2004.

We are also incorporating by reference additional documents that we may file with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this prospectus and prior to the termination of the offering of the securities described in this prospectus (other than any portions of any such documents that are not deemed filed under the Securities Exchange Act of 1934 in accordance with the Securities Exchange Act of 1934 and applicable SEC rules). These documents include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as Proxy Statements. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

Documents incorporated by reference are available from us without charge, excluding all exhibits unless we have specifically incorporated by reference the exhibit in this prospectus. You may obtain documents incorporated by reference in this prospectus by requesting them in writing or by telephone from:

Legal Department
Health Care Property Investors, Inc.
3760 Kilroy Airport Way, Suite 300
Long Beach, California 90806
(562) 733-5100
legaldept@hcpi.com

RISK FACTORS

You should carefully consider the risks described below as well as the risks described in our Annual Report on Form 10-K and in our Quarterly Reports on Form 10-Q, which risks are incorporated by reference into this section, before making an investment decision regarding our company. The risks and uncertainties described herein are not the only ones facing us and there may be additional risks that we do not presently know of or that we currently consider not likely to have a significant impact. All of these risks could adversely affect our business, financial condition, results of operations and cash flows.

Risks Related to Our Operators

If our facility operators are unable to operate our properties in a manner sufficient to generate income, they may be unable to make rent and loan payments to us.

The healthcare industry is highly competitive and we expect that it may become more competitive in the future. Our operators are subject to competition from other healthcare providers that provide similar services. Such competition, which has intensified due to overbuilding in some segments in which we operate, has caused the fill-up rate of newly constructed buildings to slow and the monthly rate that many newly built and previously existing facilities were able to obtain for their services to decrease. The profitability of healthcare facilities depends upon several factors, including the number of physicians using the healthcare facilities or referring patients there, competitive systems of healthcare delivery and the size and composition of the population in the surrounding area. Private, federal and state payment programs and the effect of other laws and regulations may also have a significant influence on the revenues and income of the properties. If our operators are not competitive with other healthcare providers and are unable to generate income, they may be unable to make rent and loan payments to us, which could adversely affect our cash flow and financial performance and condition.

The bankruptcy, insolvency or financial deterioration of our facility operators could significantly delay our ability to collect unpaid rents or require us to find new operators.

Our financial position and our ability to make distributions to our stockholders or payment on our debt securities may be adversely affected by financial difficulties experienced by any of our major operators, including bankruptcy, insolvency or a general downturn in the business, or in the event any of our major operators do not renew or extend their relationship with us as their lease terms expire.

We are exposed to the risk that our operators may not be able to meet their obligations, which may result in their bankruptcy or insolvency. Although our leases and loans provide us the right to terminate an investment, evict an operator, demand immediate repayment and other remedies, the bankruptcy laws afford certain rights to a party that has filed for bankruptcy or reorganization. An operator in bankruptcy may be able to restrict our ability to collect unpaid rents or interest during the bankruptcy proceeding.

Tenet Healthcare Corporation accounts for a significant percentage of our revenues and is currently experiencing significant legal, financial and regulatory difficulties.

During the six months ended June 30, 2006, Tenet Healthcare Corporation, or Tenet, accounted for approximately 9% of our revenues. According to public disclosures, Tenet is experiencing significant legal, financial and regulatory difficulties. We cannot predict with certainty the impact, if any, of the outcome of these uncertainties on our consolidated financial statements. The failure or inability of Tenet to pay its obligations could materially reduce our revenue, net income and cash flows, which could adversely affect the market prices of our securities and could cause us to incur impairment charges or a loss on the sale of the properties.

Our operators are faced with increased litigation and rising insurance costs that may affect their ability to make their lease or mortgage payments.

In some states, advocacy groups have been created to monitor the quality of care at healthcare facilities, and these groups have brought litigation against operators. Also, in several instances, private litigation by patients has succeeded in winning very large damage awards for alleged abuses. The effect of this litigation and potential litigation has been to materially increase the costs of monitoring and reporting quality of care compliance incurred by our operators. In addition, the cost of liability and medical malpractice insurance has increased and may continue to increase so long as the present litigation environment affecting the operations of healthcare facilities continues. Continued cost increases could cause our operators to be unable to make their lease or mortgage payments, potentially decreasing our revenue and increasing our collection and litigation costs. Moreover, to the extent we are required to take back the affected facilities, our revenue from those facilities could be reduced or eliminated for an extended period of time.

Decline in the skilled nursing sector and changes to Medicare and Medicaid reimbursement rates may have significant adverse consequences for us.

Certain of our skilled nursing operators and facilities continue to experience operating problems in part due to a national nursing shortage, increased liability insurance costs, and low levels of Medicare and Medicaid reimbursement. Due to economic challenges facing many states, nursing homes will likely continue to be under-funded. These challenges have had, and may continue to have, an adverse effect on our long-term care facilities and facility operators.

Risks Related to Real Estate Investment and Our Structure

We rely on external sources of capital to fund future capital needs, and if our access to such capital is difficult or on commercially unreasonable terms, we may not be able to meet maturing commitments or make future investments necessary to grow our business.

In order to qualify as a real estate investment trust, or REIT, under the Internal Revenue Code, as amended (which we refer to as the Internal Revenue Code), we are required, among other things, to distribute to our stockholders each year at least 90% of our REIT taxable income (excluding capital gains), and will be subject to regular corporate income tax to the extent we distribute to our stockholders, each year, less than 100% of our REIT taxable income and our net capital gain. Because of this distribution requirement, we may not be able to fund all future capital needs, including capital needs in connection with acquisitions, from cash retained from operations. As a result, we rely on external sources of capital. If we are unable to obtain needed capital at all or only on unfavorable terms from these sources, we might not be able to make the investments needed to grow our business, or to meet our obligations and commitments as they mature, which could negatively affect the ratings of our debt and even, in extreme circumstances, affect our ability to continue operations. Our access to capital depends upon a number of factors over which we have little or no control, including:

- general market conditions;
- the market s perception of our growth potential;
- our current and potential future earnings and cash distributions; and
- the market price of the shares of our capital stock.

If we are unable to identify and purchase suitable healthcare facilities at a favorable cost, we will be unable to continue to grow through acquisitions.

Our ability to grow through acquisitions is integral to our business strategy and requires us to identify suitable acquisition candidates that meet our criteria and are compatible with our growth strategy. The acquisition and financing of healthcare facilities at favorable costs is highly competitive. We may not be successful in identifying suitable property or other assets that meet our acquisition criteria or in consummating acquisitions on satisfactory terms or at all. If we cannot identify and purchase a sufficient quantity of healthcare facilities at favorable prices, or if we are unable to finance such acquisitions on commercially favorable terms, our business will suffer.

Unforeseen costs associated with the acquisition of new properties could reduce our profitability.

Our business strategy contemplates future acquisitions. The acquisitions we make may not prove to be successful. We might encounter unanticipated difficulties and expenditures relating to any acquired properties, including contingent liabilities. Further, newly acquired properties might require significant management attention that would otherwise be devoted to our ongoing business. We might never realize the anticipated benefits of an acquisition, which could adversely affect our profitability.

Since real estate investments are illiquid, we may not be able to sell properties when we desire.

Real estate investments generally cannot be sold quickly. We may not be able to vary our portfolio promptly in response to changes in the real estate market. This inability to respond to changes in the performance of our investments could adversely affect our ability to service our debt. The real estate market is affected by many factors that are beyond our control, including:

- adverse changes in national and local economic and market conditions;
- changes in interest rates and in the availability, costs and terms of financing;
- changes in governmental laws and regulations, fiscal policies and zoning and other ordinances and costs of compliance with laws and regulations;
- the ongoing need for capital improvements, particularly in older structures;
- changes in operating expenses; and
- civil unrest, acts of war and natural disasters, including earthquakes and floods, which may result in uninsured and underinsured losses.

We cannot predict whether we will be able to sell any property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. In addition, there are provisions under the federal income tax laws applicable to REITs that may limit our ability to recognize the economic benefit from a sale of our assets. These factors and any others that would impede our ability to respond to adverse changes in the performance of our properties could have a material adverse effect on our operating results and financial condition.

Transfers of healthcare facilities generally require regulatory approvals, and alternative uses of healthcare facilities are limited.

Because transfers of healthcare facilities may be subject to regulatory approvals not required for transfers of other types of commercial operations and other types of real estate, there may be delays in transferring operations of our facilities to successor tenant operators or we may be prohibited from transferring operations to a successor tenant operator. In addition, substantially all of our properties are healthcare facilities that may not be easily adapted to non-healthcare related uses. If we are unable to transfer properties at times opportune to us, our revenue and operations may suffer.

We may experience uninsured or underinsured losses.

We generally require our operators to secure and maintain comprehensive liability and property insurance that covers us, as well as the operators, on most of our properties. Some types of losses, however, either may be uninsurable or too expensive to insure against. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital we have invested in a property, as well as the anticipated future revenue from the property. In such an event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. We cannot assure you that material losses in excess of insurance proceeds will not occur in the future.

Increases in interest rates may increase our interest expense and adversely affect our cash flow and our ability to service our indebtedness.

At June 30, 2006, our total consolidated indebtedness was approximately $2.2 billion, of which approximately $302 million, or 11%, is subject to variable interest rates. This variable rate debt had a weighted average interest rate of approximately 5.75% per annum. In addition, certain of our anticipated future debt financings, including debt we may assume as a result of the merger with CNL Retirement Properties, Inc. and borrowings under a 364 day bridge facility, a two-year term loan facility and a new three year revolving credit facility, will be subject to variable interest rates. Increases in interest rates on this variable rate debt would increase our interest expense, which could harm our cash flow and our ability to service our indebtedness.

Loss of our tax status as a REIT would have significant adverse consequences to us.

We currently operate and have operated commencing with our taxable year ended December 31, 1985 in a manner that is intended to allow us to qualify as a REIT for federal income tax purposes under the Internal Revenue Code.

Qualification as a REIT involves the application of highly technical and complex Internal Revenue Code provisions for which there are only limited judicial and administrative interpretations. The determination of various factual matters and circumstances not entirely within our control may affect our ability to qualify as a REIT. For example, in order to qualify as a REIT, at least 95% of our gross income in any year must be derived from qualifying sources, and we must satisfy a number of requirements regarding the composition of our assets. Also, we must make distributions to stockholders aggregating annually at least 90% of our REIT taxable income, determined by excluding any net capital gain. In addition, new legislation, regulations, administrative interpretations, court decisions, mergers or acquisitions (including, but not limited to, the pending transaction with CNL Retirement Properties, Inc., or CRP, and its external advisor, CNL Retirement Corp.) or other events may adversely affect our investors or our ability to qualify as a REIT for tax purposes. Although we believe that we have been organized and have operated in such manner, we can give no assurance that we have qualified or will continue to qualify as a REIT for tax purposes.

If we lose our REIT status, we will face serious tax consequences that will substantially reduce the funds available to make payments of principal and interest on the debt securities we issue and to make distributions to our stockholders. If we fail to qualify as a REIT:

- we would not be allowed a deduction for distributions to stockholders in computing our taxable income and would be subject to federal income tax at regular corporate rates;

- we also could be subject to the federal alternative minimum tax and possibly increased state and local taxes; and

- unless we are entitled to relief under statutory provisions, we could not elect to be subject to tax as a REIT for four taxable years following the year during which we were disqualified.

In addition, if we fail to qualify as a REIT, all distributions to stockholders would be subject to tax as regular corporate dividends to the extent of our current and accumulated earnings and profits and we would not be required to make distributions to stockholders.

As a result of all these factors, our failure to qualify as a REIT also could impair our ability to expand our business and raise capital, and could adversely affect the market prices of our securities.

Further, if CRP failed to qualify as a REIT for any of its taxable years, it would be required to pay federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. Because the merger will be treated for income tax purposes as if CRP sold all of its assets in a taxable transaction, if CRP did not qualify as a REIT for the tax year of the merger, its taxable income would include the built-in gain in all of its assets. Built-in gain generally means the excess of the fair market value of an asset over its adjusted tax basis. HCP, as successor-in-interest to CRP, would be required to pay this tax.

Certain Provisions of Maryland Law and Our Charter and Bylaws Could Hinder, Delay or Prevent Changes in Control.

Certain provisions of Maryland law, our charter and our bylaws have the effect of discouraging, delaying or preventing transactions that involve an actual or threatened change in control. See Certain Provisions of Maryland Law and HCP s Charter and Bylaws. These provisions include the following:

Removal of Directors. Subject to the rights of one or more classes or series of preferred stock to elect one or more directors, our charter provides that a director may only be removed by the affirmative vote or written consent of the holders of at least two-thirds of the outstanding shares or by a unanimous vote of all other members of the board of directors.

Stockholder Requested Special Meetings. Our bylaws provide that our stockholders have the right to call a special meeting only upon the written request of the stockholders holding, in the aggregate, not less than 50% of the outstanding shares entitled to vote on the business proposed to be transacted at such meeting.

Advance Notice Provisions for Stockholder Nominations and Proposals. Our bylaws require advance written notice for stockholders to nominate persons for election as directors at, or to bring other business before, any meeting of stockholders. This bylaw provision limits the ability of stockholders to make nominations of persons for election as directors or to introduce other proposals unless we are notified in a timely manner prior to the meeting.

Preferred Stock. Under our charter, our board of directors has authority to issue preferred stock from time to time in one or more series and to establish the terms, preferences and rights of any such series of preferred stock, all without approval of our stockholders.

Duties of Directors with Respect to Unsolicited Takeovers. Maryland law provides protection for Maryland corporations against unsolicited takeovers by limiting, among other things, the duties of the directors in unsolicited takeover situations. The duties of directors of Maryland corporations do not require them to (a) accept, recommend or respond to any proposal by a person seeking to acquire control of the corporation, (b) make a determination under the Maryland Business Combination Act or the Maryland Control Share Acquisition Act, or (c) act or fail to act solely because of the effect of the act or failure to act may have on an acquisition or potential acquisition of control of the corporation or the amount or type of consideration that may be offered or paid to the stockholders in an acquisition. Moreover, under Maryland law, an act of a director of a Maryland corporation relating to or affecting an acquisition or potential acquisition of control is not subject to any higher duty or greater scrutiny than is applied to any other act of a director. Maryland law also contains a statutory presumption that an act of a director of a Maryland corporation satisfies the applicable standards of conduct for directors under Maryland law.

Unsolicited Takeovers. Under Maryland law, a Maryland corporation with a class of equity securities registered under the Securities Exchange Act of 1934, as amended, and at least three independent directors may elect to be subject to certain statutory provisions relating to unsolicited takeovers which, among other things, would automatically classify the board of directors into three classes with staggered terms of three years each and vest in the board of directors the exclusive right to determine the number of directors and the exclusive right, by the affirmative vote of a majority of the remaining directors, to fill vacancies on the board of directors, even if the remaining directors do not constitute a quorum. These statutory provisions relating to unsolicited takeovers also provide that any director elected to fill a vacancy shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred, rather than the next annual meeting of directors as would otherwise be the case, and until his successor is elected and qualified.

An election to be subject to any or all of the foregoing statutory provisions may be made in our charter or bylaws, or by resolution of our board of directors without stockholder approval. Any such statutory provision to which we elect to be subject will apply even if other provisions of Maryland law or our charter or bylaws provide to the contrary. Neither our charter nor our bylaws provides that we are subject to any of the foregoing statutory provisions relating to unsolicited takeovers. However, our board of directors could adopt a resolution, without stockholder approval, to elect to become subject to some or all of these statutory provisions.

If we made an election to be subject to such statutory provisions and our board of directors was divided into three classes with staggered terms of office of three years each, the classification and staggered terms of office of our directors would make it more difficult for a third party to gain control of our board of directors since at least two annual meetings of stockholders, instead of one, generally would be required to effect a change in the majority of our board of directors.

Maryland Business Combination Act. The Maryland Business Combination Act provides that unless exempted, a Maryland corporation may not engage in business combinations, including mergers, dispositions of 10% or more of its assets, issuances of shares of stock and other specified transactions, with an interested stockholder or an affiliate of an interested stockholder for five years after the most recent date on which the interested stockholder became an interested stockholder, and thereafter unless specified criteria are met. An interested stockholder is generally a person owning or controlling, directly or indirectly, 10% or more of the voting power of the outstanding stock of a Maryland corporation. Unless our board of directors takes action to exempt us, generally or with respect to certain transactions, from this statute in the future, the Maryland Business Combination Act will be applicable to business combinations between us and other persons.

Maryland Control Share Acquisition Act. Maryland law provides that control shares of a corporation acquired in a control share acquisition shall have no voting rights except to the extent approved by a vote of two-thirds of the vote eligible to cast on the matter under the Maryland Control Share Acquisition Act. Control Shares means shares of stock that, if aggregated with all other shares of stock previously acquired by the acquiror, would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of the voting power: one-tenth or more but less than one-third, one-third or more but less than a majority or a majority or more of all voting power. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

If voting rights or control shares acquired in a control share acquisition are not approved at a stockholder s meeting, then subject to certain conditions and limitations, the issuer may redeem any or all of the control shares for fair value. If voting rights of such control shares are approved at a stockholder s meeting and the acquiror becomes entitled to vote a majority of the shares of stock entitled to vote, all other stockholders may exercise appraisal rights. If any of our shares are control shares acquired in a control share acquisition, they will be subject to the Maryland Control Share Acquisition Act unless our bylaws are amended in the future to exempt the acquisition of control shares generally or with respect to certain transactions.

To maintain our REIT status, we may be forced to borrow funds on a short-term basis during unfavorable market conditions.

To qualify as a REIT, we generally must distribute to our stockholders at least 90% of our REIT taxable income each year, determined by excluding any net capital gain, and we will be subject to regular corporate income taxes to the extent that we distribute less than 100% of our REIT taxable income each year. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. In order to maintain our REIT status and avoid the payment of income and excise taxes, we may need to borrow funds on a short-term basis to meet the REIT distribution requirements even if the then prevailing market conditions are not favorable for these borrowings. These short-term borrowing needs could result from differences in timing between the actual receipt of cash and inclusion of income for federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of reserves or required debt or amortization payments.

Our charter contains ownership limits with respect to our common stock and other classes of capital stock.

Our charter, subject to certain exceptions, contains restrictions on the ownership and transfer of our common stock and preferred stock that are intended to assist us in preserving our qualification as a REIT. Under our charter, subject to certain exceptions, no person or entity may own, actually or constructively, more than 9.8% (by value or by number of shares, whichever is more restrictive) of the outstanding shares of our common stock or our preferred stock.

Additionally, our charter has a 9.9% ownership limitation on the company s voting shares, which may include common stock or other classes of capital stock. Our board of directors, in its sole discretion, may exempt a proposed transferee from either ownership limit. The ownership limits may delay, defer or prevent a transaction or a change of control that might be in the best interest of our stockholders. See Description of Capital Stock We May Offer.

Risks Relating to the Acquisition of CNL Retirement Properties, Inc.

If we are unable to successfully integrate the operations of CRP, our business and earnings may be negatively affected.

The merger with CNL Retirement Properties, Inc., or CRP, a Maryland corporation, will involve the integration of companies that have previously operated independently. Successful integration of the operations of CRP will depend primarily on our ability to consolidate operations, systems procedures, properties and personnel and to eliminate redundancies and costs. The merger will also pose other risks commonly associated with similar transactions, including unanticipated liabilities, unexpected costs and the diversion of management s attention to the integration of the operations of our operations and those of CRP. We cannot assure you that we will be able to integrate CRP s operations without encountering difficulties, including, but not limited to, the loss of key employees, the disruption of our respective ongoing businesses or possible inconsistencies in standards, controls, procedures and policies. Estimated cost savings are projected to come from various areas that our management has identified through the due diligence and integration planning process. If we have difficulties with any of these integrations, we might not achieve the economic benefits we expect to result from the merger, and this may hurt our business and earnings. In addition, we may experience greater than expected costs or difficulties relating to the integration of the business of CRP and/or may not realize expected cost savings from the merger within the expected time frame, if at all.

Difficulties associated with establishing joint ventures and contributing properties to those joint ventures or selling properties, including CRP s properties, could limit the combined company s flexibility and adversely affect the anticipated benefits of the merger and the market prices of our securities.

We have established joint ventures with respect to certain of our properties or sold certain of our properties to third parties in recent years and intend to continue to establish joint ventures and sell properties as opportunities arise. We believe that many of CRP s current and future developments will be good candidates to contribute to joint ventures or sell to third parties. The combined company s ability to establish joint ventures or sell properties, including properties currently owned or developed by CRP, on advantageous terms is dependent upon several factors, some of which are beyond the control of our management. These factors include our ability to identify financial partners willing to contribute to joint ventures on acceptable terms, if at all, and our ability to obtain debt financing for such joint ventures on attractive terms, if at all, as well as competition from other owners of properties and rights of third parties with respect to such properties. Continued interest from and capital provided by other joint venture investors is necessary in order for us to continue our strategy of contributing properties to such joint ventures. Our inability to establish joint ventures and contribute properties to such joint ventures or to sell properties, including those properties currently owned by CRP, or to do so on advantageous terms could materially adversely affect our business.

We and CRP are expected to incur substantial costs in connection with the merger, which could result in our not realizing some of the anticipated benefits of the merger.

We and CRP are expected to incur one-time, pre-tax costs of approximately $39.1 million in connection with the merger. These costs will include investment banking expenses, legal and accounting fees, printing expenses and other related charges incurred by us and CRP. Completion of the merger will also require the payment of fees in connection with certain of CRP s existing debt. In addition, we anticipate prepaying and/or refinancing other of CRP s existing debt. We also expect to incur one-time, pre-tax cash and non-cash costs related to the integration of us and CRP, which cannot be estimated at this time. There can be no assurance that the costs incurred by us and CRP in connection with the merger will not be higher than expected or that we will not incur additional unanticipated costs and expenses in connection with the merger.

The combined company s indebtedness following the completion of the merger will be higher than our existing indebtedness. This increased level of indebtedness could adversely affect us in many ways, including by reducing funds available for other business purposes, reducing our flexibility and increasing our exposure to variations in interest rates.

Our indebtedness as of June 30, 2006 was approximately $2.2 billion. Our pro forma indebtedness as of June 30, 2006, giving effect to the merger and taking into account our anticipated debt financings in connection with the merger, would be approximately $6.8 billion. Our anticipated debt financings include up to $3.4 billion of aggregate borrowings under a 364 day bridge facility and a two-year term loan facility that we anticipate entering into prior to the closing of the merger, as well as potential borrowings under a new three-year revolving credit facility that we anticipate entering into prior to the closing of the merger. In addition, it is expected that we will continue to incur debt, including under the new revolving credit facility, in the future. As a result of the increase in debt, demands on our cash resources will increase after the merger. The increased levels of debt could reduce funds available to us to pay dividends, or make capital expenditures and acquisitions or create competitive disadvantages for us compared to other companies with lower debt levels. In addition to requiring repayment or refinancing within a period of time ranging from 364 days to three years, our new debt facilities will be required to be repaid from the cash proceeds of non-ordinary course asset sales, the incurrence of certain debt, the issuance of additional equity and certain other events. As a result of such covenants and our expected level of debt generally, our flexibility could be significantly limited, including our ability to finance or refinance our properties, contribute properties to joint ventures or sell properties as needed.

At June 30, 2006, approximately $302 million of our debt was subject to variable interest rates. We anticipate that a substantial portion of the new debt to be incurred or assumed in connection with the merger will also be subject to variable interest rates and that, following the merger, a higher percentage of our debt overall will be subject to variable interest rates. If interest rates increase, the combined company s interest costs will also increase, which could harm our cash flow and our ability to service debt. An increase in market interest rates may also lead investors to demand a higher annual distribution rate, which could adversely affect the market prices of our securities.

Our business and the market prices of our securities may be adversely affected if the merger with CRP is not completed.

The merger with CRP is subject to several customary conditions. If our merger with CRP is not completed, we could be subject to a number of risks that may adversely affect our business and the market prices of our securities, including:

- our management s attention may be diverted from our day-to-day business and our employees and our relationships with customers and joint venture partners may be disrupted as a result of efforts relating to the acquisition;

- the market prices of our securities may decline to the extent that the current market prices reflect a market assumption that the merger will be completed;

- we must pay certain costs related to the merger, such as legal and accounting fees and printing expenses; and

- we would not realize the benefits we expect by acquiring CRP.

As a result of the merger, the number of our stockholders will increase by approximately 92,442 persons. Sales by such individuals could exert downward pressure on the price of our common stock.

As of August 1, 2006, CRP had 92,442 holders of its common stock. CRP common stock is not publicly traded and, accordingly, is relatively illiquid. As a result of the merger, CRP s stockholders will receive shares of our common stock, which is publicly traded and more liquid. Sales by former CRP stockholders of our common stock could exert downward pressure on the price of our common stock.

As a result of the merger and the Advisor merger, we may inherit tax liabilities and attributes from CRP and the Advisor.

Concurrently with the CRP merger, CNL Retirement Corp., or the Advisor, which is the external advisor to CRP, will merge with and into a wholly owned subsidiary of ours, pursuant to an agreement and plan of merger, dated as of May 1, 2006, by and among us, the Advisor, the stockholders of the Advisor and our subsidiary. We refer to this merger as the Advisor merger. As a result of the merger and the Advisor merger, we may succeed to certain tax liabilities and tax attributes of CRP and the Advisor. See United States Federal Income Tax Considerations Tax Liabilities and Attributes Inherited from CRP and United States Federal Income Tax Considerations Tax Liabilities and Attributes Inherited from the Advisor.

CAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS

Statements in this prospectus and the information incorporated by reference in this prospectus or any prospectus supplement that are not historical factual statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and are including this section for purposes of complying with these safe harbor provisions. The statements include, among other things, statements regarding the intent, belief or expectations of us and our officers and can be identified by the use of terminology such as may, will, expect, believe, intend, plan, estimate, should and other comparable terms or the negative the addition, we, through our senior management, from time to time make forward-looking oral and written public statements concerning our expected future operations and other developments. You are cautioned that, while forward-looking statements reflect our good faith belief and best judgment based upon current information, they are not guarantees of future performance and are subject to known and unknown risks and uncertainties. Actual results may differ materially from the expectations contained in the forward-looking statements as a result of various factors. In addition to the factors set forth in this prospectus and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2005, you should consider the following:

(a) Legislative, regulatory, or other changes in the healthcare industry at the local, state or federal level which increase the costs of or otherwise affect the operations of, our tenants and borrowers;

(b) Changes in the reimbursement available to our operators by governmental or private payors, including changes in Medicare and Medicaid payment levels and the availability and cost of third party insurance coverage;

(c) Competition for tenants and borrowers, including with respect to new leases and mortgages and the renewal or rollover of existing leases;

(d) Availability of suitable healthcare facilities to acquire at favorable prices and the competition for such acquisition and financing of healthcare facilities;

(e) The ability of our tenants and borrowers to operate our properties in a manner sufficient to maintain or increase revenues and to generate sufficient income to make rent and loan payments;

(f) The financial weakness of some operators, including potential bankruptcies, which results in uncertainties regarding our ability to continue to realize the full benefit of such operators leases;

(g) Changes in national or regional economic conditions, including changes in interest rates and the availability and cost of capital;

(h) The risk that we will not be able to sell or lease facilities that are currently vacant;

(i) The potential costs of SB 1953 compliance with respect to our hospital in Tarzana, California;

(j) The financial, legal and regulatory difficulties of two significant operators, Tenet and HealthSouth;

(k) HCP s ability to integrate the CRP businesses and to achieve expected synergies, operating efficiencies and other benefits within expected time-frames or at all, or within expected cost projections, and to preserve the goodwill of the acquired business;

(l) HCP s ability to obtain financing necessary to consummate the acquisition or on favorable terms;

(m) Each of CRP and HCP being able to successfully maintain its qualification as a REIT;

(n) The ability of CRP and HCP to consummate the merger; and

(o) The potential impact of existing and future litigation matters.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, the forward-looking events discussed in this prospectus or incorporated by reference in this prospectus may not occur.

THE COMPANY

We invest primarily in real estate serving the healthcare industry in the United States. We are a Maryland corporation and were organized to qualify as a REIT in 1985. We are headquartered in Long Beach, California, with operations in Nashville, Tennessee, and our portfolio includes, as of June 30, 2006, interests in 534 properties in 42 states and consists of 143 senior housing facilities, 182 medical office buildings, 29 hospitals, 155 skilled nursing facilities and 25 other healthcare facilities. We acquire healthcare facilities and lease them to healthcare providers and provide mortgage financing secured by healthcare facilities. Our portfolio includes: (i) senior housing, including independent living facilities, assisted living facilities, and continuing care retirement communities; (ii) medical office buildings; (iii) hospitals; (iv) skilled nursing facilities; and (v) other healthcare facilities, including laboratory and office buildings.

Our executive offices are located at 3760 Kilroy Airport Way, Suite 300, Long Beach, California 90806, and our telephone number is (562) 733-5100.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratios of earnings to fixed charges for the periods indicated. In computing the ratios of earnings to fixed charges, earnings have been based on consolidated income from continuing operations before fixed charges (exclusive of capitalized interest). Fixed charges consist of interest on debt, including amounts capitalized, an estimate of interest in rental expense, and interest expense related to the guaranteed debt of the partnerships and limited liability companies in which we hold an interest. In computing the ratios of earnings to combined fixed charges and preferred stock dividends, preferred stock dividends consist of dividends on our 7 7⁄8% Series A Cumulative Redeemable Preferred Stock (until September 10, 2003 when the Series A Cumulative Redeemable Preferred Stock was redeemed), 8.70% Series B Cumulative Redeemable Preferred Stock (until October 1, 2003 when the Series B Cumulative Redeemable Preferred Stock was redeemed), 8.60% Series C Cumulative Redeemable Preferred Stock (until May 2, 2003 when the Series C Cumulative Redeemable Preferred Stock was redeemed), 7.25% Series E Cumulative Redeemable Preferred Stock and 7.10% Series F Cumulative Redeemable Preferred Stock.

	Year Ended December 31,						For the Six Months Ended June 30, 2006	
	2001	2002	2003	2004	2005 Actual	2005 Pro Forma(1)	Actual	Pro Forma(1)
Ratio of Earnings to Fixed Charges	2.37	2.62	2.53	2.71	2.45	1.18	2.33	1.24
Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends	1.78	1.98	1.79	2.				