

HEALTH CARE PROPERTY INVESTORS INC  
Form S-4  
June 30, 2006

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As filed with the Securities and Exchange Commission on June 30, 2006.

Registration No. 333-

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM S-4**  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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**HEALTH CARE PROPERTY INVESTORS, INC.**

(Exact name of registrant as specified in its charter)

**MARYLAND**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**6798**  
(Primary Standard Industrial  
Classification Code Number)

**33-0091377**  
(IRS Employer  
Identification No.)

**3760 Kilroy Airport Way, Suite 300  
Long Beach, CA 90806  
(562) 733-5100**

(Address, including zip code, and telephone number, including  
area code, of registrant's principal executive offices)

**Edward J. Henning, Esq.  
3760 Kilroy Airport Way, Suite 300  
Long Beach, CA 90806  
(562) 733-5100**

(Name, address, including zip code, and telephone number,  
including area code, of agent for service)

---

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590 Madison Avenue  
New York, NY 10022-2524  
(212) 872-1000**

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**Approximate date of commencement of proposed sale of the securities to the public:  
As soon as practicable after this Registration Statement becomes effective.**

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If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed maximum offering Price Per Share	Proposed Maximum Aggregate offering Price	Amount of Registration Fee
Common Stock, par value \$1.00 per share	22,852,537(1)	Not Applicable	\$0.00(2)	\$0.00(3)

(1) Represents the estimated maximum number of shares of Health Care Property Investors, Inc., or HCP, common stock, par value \$1.00 per share, estimated to be issuable upon completion of the merger of CNL Retirement Properties, Inc., or CRP, with and into Ocean Acquisition 1, Inc., a wholly-owned subsidiary of HCP, based on the estimated number of shares of common stock, par value \$0.01 per share, of CRP outstanding on June 30, 2006.

(2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act and computed pursuant to Rule 457(f)(2) and (f)(3) of the Securities Act. There is no market for CRP's common stock. Accordingly, the proposed maximum offering price is equal to (i) the book value of the issued and outstanding shares of CRP common stock as of March 31, 2006 (the latest practicable date prior to the date of this filing as of which book value information is available), which amounted to \$2,299,562,000, minus (ii) the cash portion of the consideration to be paid by HCP to holders of CRP common stock, or \$2,940,262,921.83 (based on the per share cash consideration of \$11.1293 and 264,191,182 outstanding shares of CRP common stock). Because the aggregate cash consideration in the merger (\$2,940,262,921.83) exceeds the book value of the CRP common stock (\$2,299,562,000), the maximum aggregate offering price is \$0.00.

(3) Calculated by multiplying the proposed maximum aggregate offering price of securities to be registered by 0.000107.

**THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.**

The information in this proxy statement/prospectus is not complete and may be changed. We may not sell the securities offered by this proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where an offer or solicitation is not permitted.

PRELIMINARY SUBJECT TO COMPLETION DATED JUNE 30, 2006

**CNL Retirement Properties, Inc.**

, 2006

**YOUR VOTE ON OUR PROPOSED MERGER IS VERY IMPORTANT**

Dear Stockholder:

You are cordially invited to attend a special meeting of stockholders of CNL Retirement Properties, Inc., or CRP, a Maryland corporation, to be held on \_\_\_\_\_, 2006, at \_\_\_\_\_ a.m., local time, at the CNL Center II at City Commons, 420 South Orange Avenue, Suite 500, Orlando, Florida. Our directors and officers are looking forward to greeting you personally.

At the special meeting, you will be asked to consider and approve the merger of CRP with and into Ocean Acquisition 1, Inc., a Maryland corporation and a wholly-owned subsidiary of Health Care Property Investors, Inc., or HCP. Upon consummation of the merger, each outstanding share of common stock of CRP will be converted into the right to receive merger consideration consisting of \$11.1293 in cash and 0.0865 of a share of HCP common stock without interest and less any required tax withholding. On \_\_\_\_\_, 2006, the last trading day prior to the printing of the proxy statement/prospectus that accompanies this letter, the closing price of HCP's common stock on the New York Stock Exchange was \$ \_\_\_\_\_ per share. Based on that share price, the per share merger consideration had a value of \_\_\_\_\_ on \_\_\_\_\_, 2006. We are sending you this proxy statement/prospectus to ask you to consider and vote on the approval of the merger at the special meeting.

A special committee consisting entirely of independent directors evaluated the merger agreement and the merger and other transactions contemplated by it and unanimously approved and recommended approval of the merger agreement, the merger and other transactions by our board of directors. Our board of directors and special committee considered a number of factors in evaluating the merger and other transactions. Our directors have unanimously approved the transactions and concluded that the terms of the merger agreement, the merger and the other transactions are advisable and in the best interests of CRP and our stockholders. **Our board of directors unanimously recommends that you vote "FOR" approval of the merger.**

**Your vote is very important.** We cannot complete the merger unless, among other things, the holders of a majority of the outstanding shares of our common stock entitled to vote at the special meeting vote to approve the merger. More information about the merger is contained in the accompanying proxy statement/prospectus. We encourage you to read the accompanying proxy statement/prospectus carefully and in its entirety, because it, among other things, describes the terms of the proposed merger, the documents related to the merger and related transactions, and provides specific information about the special meeting. **YOU SHOULD ALSO CAREFULLY CONSIDER THE RISK FACTORS BEGINNING ON PAGE 20.**

Whether or not you plan to attend the special meeting, please complete, sign, date and promptly return the proxy card in the enclosed prepaid return envelope, or, if you would prefer, follow the instructions on your proxy card for telephonic or internet proxy authorization, as soon as possible. Returning a signed proxy card will not prevent you from voting your shares in person if you subsequently choose to attend the special meeting. **If you do not vote, it will have the same effect as voting against the approval of the merger.**

**If you sign, date and send us your proxy but do not indicate how you want to vote, your proxy will be voted "FOR" the approval of the merger and in the discretion of the proxyholders on any other matter that may be properly presented at the meeting, including proposals to adjourn the meeting to obtain additional proxies.**

On behalf of our board of directors, we thank you for your continued support of our company and urge you to vote for the approval of the merger.

Sincerely,

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James M. Seneff, Jr.  
*Chairman of the Board*

Stuart J. Beebe  
*Chief Executive Officer and President*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger or determined if the accompanying proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The accompanying proxy statement/prospectus is dated \_\_\_\_\_, 2006, and is first being mailed to stockholders on or about \_\_\_\_\_, 2006.

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**CNL Retirement Properties, Inc.**  
**CNL Center II at City Commons**

420 South Orange Avenue  
Orlando, Florida 32801

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON \_\_\_\_\_, 2006**

To the Stockholders of CNL Retirement Properties, Inc.:

A special meeting of the stockholders of CNL Retirement Properties, Inc. will be held at CNL Center II at City Commons, 420 South Orange Avenue, Suite 500, Orlando, Florida 32801 on \_\_\_\_\_, 2006 at \_\_\_\_\_ a.m., local time, for the following purposes:

1. To consider and vote on a proposal to approve the merger of CNL Retirement Properties, Inc., or CRP, with and into Ocean Acquisition 1, Inc., a wholly-owned subsidiary of Health Care Property Investors, Inc., or HCP, pursuant to the Agreement and Plan of Merger, dated as of May 1, 2006, by and among CRP, HCP and Ocean Acquisition 1, Inc.
2. To consider and vote on a proposal to approve adjournments or postponements of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the time of the special meeting to approve the merger.
3. To transact any other business that may properly come before the special meeting or any adjournments or postponements of the special meeting.

We have included a copy of the merger agreement as Annex A to the accompanying proxy statement/prospectus. The proxy statement/prospectus further describes the matters to be considered at the special meeting.

Only stockholders of record at the close of business on \_\_\_\_\_, 2006 will be entitled to vote at the special meeting and any adjournments or postponements thereof. Approval of the merger requires the affirmative vote of holders of a majority of the outstanding shares of our common stock entitled to vote at the special meeting.

**To ensure your representation at the special meeting, please complete and return the enclosed proxy card to us or authorize your proxy by telephone or through the internet.** You may also cast your vote in person at the special meeting. Please vote promptly whether or not you expect to attend the special meeting.

Our board of directors and a special committee consisting solely of our independent directors have unanimously determined that the terms of the merger agreement, the merger and the other transactions contemplated by it are advisable and in the best interests of CRP and our stockholders and unanimously recommend that you vote **"FOR"** approval of the merger.

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For more information about the special meeting, the merger and the other transactions contemplated by the merger agreement, please review the accompanying proxy statement/prospectus and the merger agreement attached to it as Annex A. If you have any questions or need special assistance, please call our proxy solicitor, D.F. King & Co., Inc., or D.F. King & Co., toll free at (800) 549-6697.

By Order of the Board of  
Directors,

Lynn Gutierrez  
*Corporate Secretary*

, 2006  
Orlando, Florida

**PLEASE COMPLETE AND SIGN THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE, REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE MEETING.**

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**Additional Information**

This proxy statement/prospectus incorporates important business and financial information about HCP from other documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in this proxy statement/prospectus through the Securities and Exchange Commission website at <http://www.sec.gov> or by requesting them in writing or by telephone at the appropriate address below:

By Mail:  
Health Care Property Investors, Inc.  
3760 Kilroy Airport Way, Suite 300  
Long Beach, California 90806  
Attention: Edward J. Henning, Esq.

By Telephone:  
(562) 733-5100

CRP's SEC filings are available to the public free of charge on CRP's website, <http://www.cnlretirement.com/retirementprop/>. Information contained on CRP's website or the website of any other person is not incorporated by reference into this proxy statement/prospectus, and you should not consider information contained on those websites as part of this proxy statement/prospectus. CRP will provide you with copies of this information relating to CRP, without charge, if you request them in writing or by telephone from:

By Mail:  
CNL Retirement Properties, Inc.  
CNL Center II at City Commons  
420 South Orange Avenue  
Suite 500  
Orlando, Florida 32801  
Attention: CNL Client Services

By Telephone:  
(866) 650-0650

**TO RECEIVE TIMELY DELIVERY OF THE DOCUMENTS IN ADVANCE OF THE SPECIAL MEETING, YOU SHOULD MAKE YOUR REQUEST NO LATER THAN , 2006.**

See "Where You Can Find More Information" beginning on page 183.

HCP has supplied all information contained in this proxy statement/prospectus that relates to HCP, and CRP has supplied all information contained in this proxy statement/prospectus that relates to CRP.

**Authorizing Proxies Electronically Or By Telephone**

CRP stockholders of record on the close of business on \_\_\_\_\_, 2006, the record date for the special meeting, may authorize their proxies:

by telephone by calling the toll-free number (888) 216-1330 on a touch-tone phone and following the recorded instructions;  
or

via the internet at [www.proxyvotenow.com/crp](http://www.proxyvotenow.com/crp).

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<b>Annex A</b> Agreement and Plan of Merger by and among Health Care Property Investors, Inc., Ocean Acquisition 1, Inc. and CNL Retirement Properties, Inc. dated as of May 1, 2006.	
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<b>Annex C</b> Opinion of Houlihan Lokey Howard & Zukin Financial Advisors, Inc.	
<b>Annex D</b> Appraisal Rights Sections 3-201 et. seq. of Maryland General Corporation Law.	

**QUESTIONS AND ANSWERS**

*The following are some questions that you, as a stockholder of CRP, may have regarding the merger and the other matters being considered at the special meeting and the answers to those questions. CRP and HCP urge you to read carefully the remainder of this proxy statement/prospectus because the information in this section does not provide all the information that might be important to you with respect to the merger and the other matters being considered at the special meeting. Additional important information is also contained in the annexes to and the documents included and incorporated by reference in this proxy statement/prospectus.*

**Q:** *What is the proposed transaction for which I am being asked to vote?*

A: You are being asked to vote to approve the merger of CNL Retirement Properties, Inc., or CRP, with and into Ocean Acquisition I, Inc., or Merger Sub, a wholly-owned subsidiary of Health Care Property Investors, Inc., or HCP, pursuant to the Agreement and Plan of Merger, dated as of May 1, 2006 among CRP, HCP and Merger Sub.

**Q:** *When and where is the special meeting?*

A: The special meeting will take place on \_\_\_\_\_, 2006, at \_\_\_\_\_ a.m., local time, at the CNL Center II at City Commons, 420 South Orange Avenue, Suite 500, Orlando, Florida.

**Q:** *Who can vote and attend the special meeting?*

A: All common stockholders of CRP of record as of the close of business on \_\_\_\_\_, 2006, the record date for the special meeting, are entitled to receive notice of and to attend and vote at the special meeting or any adjournments or postponements thereof. Each share is entitled to one vote on each matter properly brought before the special meeting.

**Q:** *Why am I receiving this proxy statement/prospectus?*

A: We are delivering this proxy statement/prospectus to you because it is serving as both a proxy statement of CRP and a prospectus of HCP. It is a proxy statement because it is being used by CRP's board of directors to solicit the proxies of CRP's stockholders for the special meeting called in connection with the merger. It is a prospectus because HCP is offering shares of its common stock as a portion of the merger consideration in connection with the merger.

**Q:** *What vote of CRP stockholders is required for approval?*

A: The merger must be approved by holders of a majority of the outstanding shares of CRP common stock entitled to vote at the special meeting. The failure to return your proxy card or to vote in person will have the same effect as voting against approval of the merger. If you respond and indicate that you are abstaining from voting, your proxy will have the same effect as a vote against approval of the merger. You are entitled to vote on the merger if you held CRP common stock at the close of business on the record date, which is \_\_\_\_\_, 2006. On that date, \_\_\_\_\_ shares of CRP common stock were outstanding and entitled to vote at the special meeting. No vote by HCP stockholders is required to consummate the merger.

**Q:** *How does the CRP board of directors recommend that I vote my shares?*

A: After careful consideration of a number of factors in evaluating the merger and the other transactions contemplated by the merger agreement, including the positive recommendation of the special committee, CRP's board of directors has unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement and concluded that the terms of the merger agreement, the merger and such other transactions are advisable and in the



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best interests of CRP and its stockholders and unanimously recommends that you vote **FOR** approval of the merger.

**Q:**

*If the merger is completed, when can I expect to receive the merger consideration for my shares of common stock?*

**A:**

As soon as practicable after the completion of the merger, you will receive a letter of transmittal describing how you may exchange your shares of common stock for the merger consideration (less any required withholding for taxes). At that time, you must send your completed letter of transmittal to the exchange agent (and, for shares of CRP common stock represented by a certificate(s) only, your share certificate(s)) in order to receive the merger consideration. You should not send your share certificate(s) to us or anyone else until you receive the letter of transmittal.

**Q:**

*What happens if I sell my shares before the special meeting?*

**A:**

The record date for the special meeting, the close of business on \_\_\_\_\_, 2006, is earlier than the date of the special meeting. If you held your shares of common stock on the record date but transfer them prior to the effective time of the merger, you will retain your right to vote at the special meeting, but not the right to receive the merger consideration for shares of CRP common stock. The right to receive such merger consideration will pass to the person who owns the shares you previously owned when the merger becomes effective.

**Q:**

*How will proxy holders vote my shares?*

**A:**

If you complete and properly sign the proxy card attached to this proxy statement/prospectus and return it to CRP prior to the special meeting, your shares will be voted as you direct. If no direction is otherwise made, your shares will be voted **FOR** approval of the merger and in the discretion of the proxy holders on any other matter that may be properly presented at the meeting, including proposals to adjourn the meeting to obtain additional proxies.

**Q:**

*What are the United States federal income tax consequences of the merger for me?*

**A:**

The merger will be fully taxable to CRP stockholders. For a more detailed description of the tax consequences of the exchange of CRP common stock in the merger, please see "The Merger Material United States Federal Income Tax Considerations" beginning on page 88.

**Q:**

*If I am a CRP stockholder and want to attend and vote at the special meeting, what should I do?*

**A:**

You may attend the special meeting of CRP's stockholders and vote your shares in person whether or not you sign and return your proxy card. To attend the special meeting in person, you should come to the CNL Center II at City Commons, located at 420 South Orange Avenue, Suite 500, Orlando, Florida 32801 at \_\_\_\_\_ a.m. on \_\_\_\_\_, 2006.

**Q:**

*Am I entitled to appraisal rights?*

**A:**

Yes. Under Maryland law, holders of CRP common stock have the right to seek an appraisal of the fair value of their shares of CRP common stock in connection with the merger. Please see "The Merger Appraisal Rights" beginning on page 73.

**Q:**

*What do I need to do now?*

**A:**

After you have carefully read and considered the information contained in this proxy statement/prospectus, indicate on your proxy card how you want your shares to be voted. Then complete,



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sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible so that your shares will be represented and voted at the special meeting. Alternatively, you may authorize your proxy by telephone or the internet. If you sign and send in your proxy card but do not indicate how you want to vote, your proxy will be voted **FOR** the approval of the merger and in the discretion of the proxy holders on any other matter that may be properly presented at the meeting, including proposals to adjourn the meeting to obtain additional proxies.

**Q:**

***What if I do not vote or abstain?***

**A:**

The merger must be approved by the affirmative vote of the holders of a majority of the outstanding CRP common stock entitled to vote at the special meeting. The failure to return your proxy card or to vote in person will have the same effect as voting against approval of the merger. If you respond and indicate that you are abstaining from voting, your proxy will have the same effect as a vote against approval of the merger.

**Q:**

***Can I revoke my vote?***

**A:**

Yes, you may revoke your vote at any time before the vote is taken at the special meeting. If you are the record holder of your shares, you can change your vote in any of the following three ways:

You may send a written notice to the Corporate Secretary of CRP, CNL Center II at City Commons, 420 South Orange Avenue, Suite 500, Orlando, Florida 32801, stating that you would like to revoke your proxy.

You may complete and submit a new proxy card or authorize a new proxy by telephone or the internet. The latest vote actually received before the special meeting will be counted, and any earlier proxies will be revoked.

You may attend the special meeting and vote in person. Any earlier proxy will be revoked. However, simply attending the meeting without voting will not revoke your proxy.

**Q:**

***What risks should I consider before I vote on the merger proposal?***

**A:**

We encourage you to read carefully the detailed information about the merger contained and incorporated by reference in this proxy statement/prospectus, including the section entitled "Risk Factors" beginning on page 20.

**Q:**

***If I hold my CRP shares in certificated form, should I send in my CRP stock certificates now?***

**A:**

No. Please do not send your stock certificates with your proxy card. CRP stockholders will receive written instructions from the exchange agent after the merger is completed on how to exchange CRP stock certificates you may have for the merger consideration.

**Q:**

***When do you expect the merger to be completed?***

**A:**

We expect to complete the merger in the third quarter of 2006. However, we cannot assure you that the merger will occur or when it will occur.

**Q:**

***Who can help answer my questions?***

**A:**

If you have any questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card, you should contact:

D.F. King & Co. toll free at (800) 549-6697.

**SUMMARY**

*This summary highlights selected information from this proxy statement/prospectus. It does not contain all of the information that may be important to you. We urge you to read carefully the entire proxy statement/prospectus and the other documents to which this proxy statement/prospectus refers in order to fully understand the merger and the related transactions. See "Where You Can Find More Information" on page 183. Each item in this summary refers to the page of this proxy statement/prospectus on which that subject is discussed in more detail.*

**The Companies**

***Health Care Property Investors, Inc. (See Page 113)***

Health Care Property Investors, Inc., or HCP, headquartered in Long Beach, California, is a self-administered real estate investment trust, or REIT, that invests directly or through joint ventures in healthcare facilities. HCP has been traded on the NYSE under the ticker symbol "HCP" since 1985. As of March 31, 2006, HCP's portfolio of properties, excluding assets held for sale but including investments through joint ventures and mortgage loans, included 534 properties in 42 states and consisted of 138 senior housing facilities, 185 medical office buildings, 29 hospitals, 156 skilled nursing facilities and 26 other healthcare facilities. HCP's executive offices are located at 3760 Kilroy Airport Way, Suite 300, Long Beach, CA 90806 and its telephone number is (562) 733-5100.

As of \_\_\_\_\_, 2006, the last date prior to the printing of this proxy statement/prospectus for which it was practicable to obtain this information, there were approximately \_\_\_\_\_ registered holders of HCP common stock.

***CNL Retirement Properties, Inc. (See Page 114)***

Founded in 1997 and headquartered in Orlando, Florida, CRP is a REIT with investments primarily in independent living, assisted living and continuing care retirement communities, medical office buildings and other medical real estate. As of March 31, 2006, CRP owned a portfolio of 271 properties in 33 states (including three properties held for sale). CNL Retirement Corp., or the Advisor, is the external advisor to CRP, providing management, acquisition and advisory services since 1998. CRP's executive offices are located at CNL Center II at City Commons, 420 South Orange Avenue, Suite 500, Orlando, FL 32801 and its telephone number is (407) 650-1000.

As of \_\_\_\_\_, 2006, the last date prior to the printing of this proxy statement/prospectus for which it was practicable to obtain this information, there were approximately \_\_\_\_\_ registered holders of CRP common stock.

***Ocean Acquisition 1, Inc. (See Page 113)***

Ocean Acquisition 1, Inc., or the Merger Sub, is a Maryland corporation, recently organized as a wholly-owned subsidiary of HCP solely for the purpose of effecting the merger. It has no material assets and has not engaged in any activities except in connection with the merger. Merger Sub's executive offices are located at 3760 Kilroy Airport Way, Suite 300, Long Beach, CA 90806 and its telephone number is (562) 733-5100.

**The Merger (See Page 39)**

We are proposing a merger of CRP with and into Merger Sub, a wholly-owned subsidiary of HCP, with Merger Sub continuing as the surviving corporation in the merger. The merger will become effective at such time as the articles of merger have been accepted by the State Department of Assessments and Taxation of Maryland, or the Department, in accordance with Maryland law or such later date (not later than 30 days after acceptance of the articles of merger by the Department) as

HCP and CRP may designate in the articles of merger in accordance with Maryland law. The merger agreement is attached to this proxy statement/prospectus as Annex A. Please carefully read the merger agreement as it is the legal document that governs the merger. HCP will also be acquiring the Advisor simultaneously with its acquisition of CRP. We refer to that transaction as the Advisor merger. Completion of the merger and the Advisor merger are conditioned on each other.

**What CRP Stockholders Will Receive In the Merger (See Page 77)**

Upon completion of the merger, each share of CRP common stock will be converted into and cancelled in exchange for the right to receive merger consideration consisting of \$11.1293 in cash and 0.0865 of a share of HCP common stock, without interest and less any required withholding taxes.

No fractional shares of HCP common stock will be issued in the merger. Instead of fractional shares, CRP stockholders will receive cash in an amount determined by multiplying the fractional interest to which such holder would otherwise be entitled by the weighted average of the per share closing prices of HCP common stock on The New York Stock Exchange, or NYSE, Composite Transactions Reporting System during the 10 consecutive trading days ending two days prior to the effective time of the merger.

**Material United States Federal Income Tax Considerations (See Page 89)**

An exchange of shares of CRP common stock for the merger consideration will generally be treated as a taxable transaction for U.S. federal income tax purposes. In evaluating the tax consequences of the merger, you should consider the matters discussed in the section entitled "Material United States Federal Income Tax Considerations Tax Consequences of the Merger," beginning on page , and in evaluating the tax consequences of the ownership and disposition of HCP stock after the merger, you should consider the matters discussed in the section entitled "Material United States Federal Income Tax Considerations Taxation of Holders of HCP's Common Stock," beginning on page .

**Opinion of CRP's Financial Advisor (See Page 51)**

On May 1, 2006, Banc of America Securities LLC, or Banc of America Securities, CRP's financial advisor, delivered to a special committee of the CRP board of directors and CRP's board of directors a written opinion to the effect that, as of the date of the opinion and based on and subject to various assumptions and limitations described in the opinion, the merger consideration to be received by holders of CRP common stock in the proposed merger was fair, from a financial point of view, to such holders. The full text of the written opinion, dated May 1, 2006, of Banc of America Securities, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex B to this proxy statement/prospectus and is incorporated by reference in its entirety into this proxy statement/prospectus. Holders of CRP common stock are encouraged to read the opinion carefully in its entirety. **Banc of America Securities' opinion was provided to CRP's special committee and CRP's board of directors in connection with and for purposes of their respective evaluations of the merger consideration to be received by holders of CRP common stock. It does not address any other aspect of the merger and does not constitute a recommendation to any stockholder as to how to vote or act in connection with the merger.**

**Opinion of CRP's Special Committee's Financial Advisor (See Page 58)**

On May 1, 2006, Houlihan Lokey Howard & Zukin Financial Advisors, Inc., or Houlihan Lokey, CRP's special committee's financial advisor, delivered to the special committee of the CRP board of directors a written opinion to the effect that, as of the date of the opinion and based on and subject to various assumptions and limitations described in the opinion, (i) the merger consideration to be

received by the stockholders of CRP in the proposed merger is fair to such stockholders from a financial point of view and (ii) the portion of the aggregate consideration (which equals the aggregate amount being paid in connection with the CRP merger and the Advisor merger) being received by the Advisor's stockholders in connection with the Advisor merger is fair to the stockholders of CRP from a financial point of view. The full text of the written opinion, dated May 1, 2006, of Houlihan Lokey, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex C to this proxy statement/prospectus and is incorporated by reference in its entirety into this proxy statement/prospectus. Holders of CRP common stock are encouraged to read the opinion carefully in its entirety. **Houlihan Lokey's opinion does not constitute a recommendation to any stockholder as to how to vote or act in connection with the merger.**

#### **Recommendation of CRP's Special Committee and Board of Directors (See Page 47)**

On May 1, 2006, after careful consideration of the factors described under "CRP's Board of Directors and Special Committee's Reasons for the Merger" on page 47, including the unanimous recommendation of the special committee, CRP's board of directors unanimously:

determined that it was advisable and in the best interests of CRP and CRP's stockholders for CRP to enter into the merger agreement and consummate the merger and the other transactions contemplated by the merger agreement; and

approved and adopted the merger agreement and the transactions contemplated thereby, including the merger and directed that the merger be submitted to CRP's stockholders for approval at a special meeting of stockholders.

In addition, based in part on the recommendation of the special committee, CRP's board of directors unanimously determined to recommend to the CRP stockholders that they vote "**FOR**" the approval of the merger.

The background and reasons for the merger are described in detail beginning on page 39.

#### **Interests of CRP's Directors and Executive Officers in the Merger (See Page 68)**

Some of CRP's directors and executive officers have interests in the merger that are different from, or in addition to, the interests of CRP's stockholders. These interests include, without limitation, rights of current and former directors and executive officers to continued indemnification and insurance coverage by HCP for six years after the merger for acts or omissions occurring before the merger.

In addition, pursuant to the terms of the Advisor merger that is described more fully on page 68, certain directors and executive officers of CRP who are stockholders of the Advisor will receive the Advisor merger consideration upon consummation of the Advisor merger. Furthermore, certain executives of CRP, pursuant to their employment agreements, as more fully described on page 70, may be entitled to severance payments if their employment is terminated without cause or for good reason. As more fully described on page 70, certain executives will receive cash payments from a stockholder of the Advisor immediately prior to the close of the Advisor merger.

At the closing of the Advisor merger, HCP will reimburse CNL Financial Group, Inc., or CFG, a wholly-owned subsidiary of CNL Holdings, Inc., a company controlled by CRP's Chairman, for certain out-of-pocket expenses not to exceed \$4 million in the aggregate plus reimbursement of expenses incurred in connection with services provided by Stifel Nicolaus.

Both CRP's board of directors and the special committee were fully aware of these interests and considered them, among other factors, in reaching their decision to approve and adopt the merger agreement and the transactions contemplated thereby, including the merger.

Finally, HCP anticipates entering into a transition services agreement with an affiliate of CNL Real Estate Group, Inc. and of the Chairman of the Board of CRP pursuant to which HCP will pay such entity for services to be specified for a limited transaction period. In addition, the parties have implemented a retention program with respect to the employees of the Advisor.

### **Merger Financing**

HCP intends to finance the estimated \$3.0 billion in merger costs, including the approximately \$2.94 billion cash portion of the consideration payable to CRP stockholders, under new revolving, term and bridge facilities to be entered into by HCP before the closing of the merger providing for aggregate borrowings of up to \$3.9 billion. HCP has received executed commitments from Bank of America, N.A., UBS Loan Finance LLC, Barclays Bank and JPMorgan Chase Bank, N.A. for the entire principal amount of such financing. Bank of America will act as administrative agent under the facilities. All of HCP's domestic subsidiaries will guarantee any outstanding obligations under the facilities. The bridge commitment provides for a 364 day facility and the term commitment and revolving commitment for two and three year terms, respectively, with interest rates varying depending on HCP's credit ratings. The facilities will contain covenants and events of default substantially similar to those contained in HCP's existing credit agreement. In addition, the facilities will require HCP to comply with leverage ratios, a secured debt ratio, a fixed charge coverage ratio and a minimum net worth test. Obtaining such financing is not a condition to the consummation of the transactions contemplated by the merger agreement, including the merger.

### **Regulatory Approvals Required for the Merger (See Page 72)**

Neither HCP nor CRP is aware of any material regulatory approvals that are required to be obtained in order to consummate the merger or the Advisor merger.

### **Conditions to Consummation of the Merger (See Page 85)**

As more fully described in this proxy statement/prospectus and the merger agreement, the completion of the merger depends on the following mutual conditions being satisfied or waived:

CRP's stockholders will have approved the merger;

the shares of HCP common stock issuable to CRP stockholders pursuant to the merger agreement will have been authorized for listing on the NYSE;

no governmental authority of competent jurisdiction will have enacted or issued an order, decree, judgment or injunction or taken any other action that restrains, enjoins or otherwise prohibits or makes illegal the consummation of the merger, provided that the party claiming the failure of this condition must have used its reasonable best efforts to have such order, decree, judgment or injunction vacated; and

the registration statement of which this proxy statement/prospectus is a part will have been declared effective by the SEC and the SEC will not have issued a stop order suspending the effectiveness of the registration statement or initiated or threatened to initiate proceedings for that purpose.

HCP's obligation to effect the merger is subject to the satisfaction or waiver, where permissible, of the following conditions:

the accuracy of the representations and warranties of CRP as of May 1, 2006 and as of the effective time of the merger, except for such failures to be true and correct that individually or in the aggregate would not reasonably be likely to have a "material adverse effect" with respect to CRP;

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CRP will have performed or complied in all material respects with all agreements and covenants required by the merger agreement to be performed or complied with by it on or prior to the effective time of the merger;

CRP will have delivered to HCP a certificate executed by its Chief Executive Officer or Chief Financial Officer certifying as to the satisfaction of the preceding two conditions;

there will not have occurred, since May 1, 2006, any effect that, individually or in the aggregate, has had, or is reasonably likely to have, a "material adverse effect" with respect to CRP;

HCP will have received an opinion of Greenberg Traurig, LLP, outside counsel to CRP, regarding CRP's tax status as a REIT; and

the Advisor merger will have simultaneously closed.

CRP's obligation to effect the merger is subject to the satisfaction or waiver, where permissible, of the following conditions:

the accuracy of the representations and warranties of HCP as of May 1, 2006 and as of the effective time of the merger, except for such failures to be true and correct that individually or in the aggregate would not reasonably be likely to have a "material adverse effect" with respect to HCP;

HCP will have performed or complied in all material respects with all agreements and covenants required by the merger agreement to be performed or complied with by it on or prior to the effective time of the merger;

HCP will have delivered to CRP a certificate executed by its Chief Executive Officer or Chief Financial Officer certifying as to the satisfaction of the preceding two conditions;

there will not have occurred, since May 1, 2006, any effect that, individually or in the aggregate, has had, or is reasonably likely to have, a "material adverse effect" with respect to HCP; and

CRP will have received the opinion of Latham & Watkins LLP, outside tax counsel to HCP, regarding HCP's tax status as a REIT.

HCP and CRP cannot be certain of when, or if, the conditions to the merger will be satisfied or, where permissible, waived, or whether or not the merger will be completed.

### **Amendment, Waiver and Extension of the Merger Agreement (See Page 86)**

At any time prior to the effective time of the merger, each of HCP and CRP may:

mutually amend the merger agreement in writing by action taken by or on behalf of its respective board of directors;

waive any inaccuracy in the representations and warranties of any other party contained in the merger agreement; and

in writing, waive compliance with any agreement of any other party or any condition to its obligations contained in the merger agreement and extend the time for the performance of any obligation or other act of any other party to the merger agreement.

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However, assuming approval of the merger by the stockholders of CRP, no amendment to the merger agreement that would require further approval of CRP's stockholders may be made thereafter without first obtaining such approval.

**Termination of the Merger Agreement (See Page 87)**

The parties may terminate the merger agreement at any time prior to the closing date only as follows:

by mutual written consent of HCP and CRP;

by either of CRP or HCP by written notice to the other:

if CRP's stockholders do not approve the merger at the special meeting (or at any adjournment or postponement thereof);

if any governmental authority issues an order that restrains, enjoins or otherwise prohibits or makes illegal the consummation of the merger and such order becomes final and non-appealable (provided the terminating party has used its reasonable best efforts to have the order vacated); and

if the consummation of the merger does not occur on or before October 31, 2006 (provided the terminating party has not breached any of its representations, warranties or covenants in a material respect that was the proximate cause of, or resulted in, the failure of the merger to occur on or before such date).

HCP may unilaterally terminate the merger agreement at any time prior to the closing date only as follows:

if CRP breaches or fails to perform in any material respect any of its representations, warranties or covenants contained in the merger agreement, which breach would entitle HCP not to close the merger based on the failure of the corresponding closing condition for its benefit, and such condition is incapable of being satisfied by October 31, 2006 or such breach has not been cured by CRP within 30 business days after CRP's receipt of written notice of such breach from HCP;

if prior to the approval of the merger by CRP's stockholders, the board of directors of CRP and the special committee (i) publicly withdraw or knowingly modify, in a manner adverse to HCP, their recommendation of the merger, (ii) approve or recommend an alternative acquisition proposal, (iii) at any time after the end of 15 business days following receipt of an acquisition proposal, fail to reaffirm such recommendation within five business days after receipt of any request to do so from HCP (provided the five day period may be extended for an additional five business days under specified circumstances) or (iv) recommend that CRP's stockholders tender their shares in a publicly announced offer for more than 20% of CRP's outstanding shares (not commenced by HCP or an affiliate of HCP); and

if the Advisor merger agreement is terminated in accordance with its terms.

CRP may unilaterally terminate the merger agreement at any time prior to the closing date only as follows:

if HCP breaches or fails to perform in any material respect any of its representations, warranties or covenants contained in the merger agreement, which breach would entitle CRP not to close the merger based on the failure of the corresponding closing condition for its benefit, and such condition is incapable of being satisfied by October 31, 2006 or such breach has not been cured by HCP within 30 business days after HCP's receipt of written notice of such breach from CRP; and

if CRP enters into a binding written agreement to effect a "superior proposal," provided that CRP first complies with its obligations under the merger agreement, including allowing HCP to submit a revised proposal at least as favorable from a financial point of view to CRP's stockholders as the superior proposal and paying HCP the termination fee described below.

**Termination Fee (See Page 88)**

CRP has agreed to pay HCP an amount in cash equal to \$107 million if:

CRP terminates the merger agreement to enter into a definitive agreement to effect a "superior proposal" in accordance with the terms of the merger agreement;

HCP terminates the merger agreement because, prior to the approval of the merger by CRP's stockholders, the board of directors of CRP and the special committee (i) publicly withdraw or knowingly modify, in a manner adverse to HCP, their recommendation of the merger, (ii) approve or recommend an alternative acquisition proposal, (iii) at any time after the end of 15 business days following receipt of an acquisition proposal, fail to reaffirm such recommendation within five business days after receipt of any request to do so from HCP (provided the five day period may be extended for an additional five business days under specified circumstances) or (iv) recommend that CRP's stockholders tender their shares in a publicly announced offer for more than 20% of CRP's outstanding shares (not commenced by HCP or an affiliate of HCP); or

CRP or HCP terminates the merger agreement due to the failure of the CRP stockholders to approve the merger at the special meeting after an acquisition proposal has been publicly announced and remains outstanding, and within 12 months after such termination CRP enters into a definitive agreement with respect to or consummates an alternative "acquisition proposal" for more than 50% of the consolidated assets or equity securities of CRP.

**Expenses (See Page 88)**

The merger agreement provides that each of HCP and CRP will pay its own costs and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement. If, however, the merger agreement is properly terminated by either party due to the material breach by the other party of its representations, warranties or covenants, then the breaching party will pay the reasonable out-of-pocket costs and expenses incurred by the non-breaching party up to \$3 million.

**The Special Meeting of CRP's Stockholders (See Page 36)**

The special meeting of CRP's stockholders will be held at CNL Center II at City Commons, 420 South Orange Avenue, Suite 500, Orlando, Florida 32801, on \_\_\_\_\_, 2006 at \_\_\_\_\_ a.m., local time. At the special meeting, CRP's stockholders will be asked, in person or by proxy, to:

consider and vote on a proposal to approve the merger;

consider and vote on a proposal to approve adjournments or postponements of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the time of the special meeting to approve the merger; and

consider and vote upon any other business that may properly come before the special meeting or any adjournments or postponements of the special meeting.

**Merger Vote Requirement; Stockholders Entitled to Vote; Vote Required; Quorum (See Page 36)**

The merger must be approved by the affirmative vote of holders of a majority of the outstanding shares of CRP's common stock that are entitled to vote at the special meeting. As of the record date, CRP's directors and executive officers and their respective affiliates owned less than 1% of the outstanding shares of CRP's common stock entitled to vote at the special meeting. You may vote at the special meeting if you owned shares of CRP's common stock at the close of business on the record date for the special meeting, \_\_\_\_\_, 2006. On the record date, there were \_\_\_\_\_ shares of



common stock outstanding and entitled to vote. You have one vote for each share of CRP's common stock that you owned on the record date.

A quorum is necessary to hold a valid special meeting, and if a quorum is not present, a vote cannot occur. A quorum will be present if the holders of 50% or more of the outstanding shares of CRP's common stock are present at the special meeting, either in person or by proxy. CRP may, however, seek to adjourn or postpone the special meeting if a quorum is not present at the special meeting.

**Comparison of Stockholder Rights (See Page 174)**

HCP and CRP are each incorporated under the laws of the State of Maryland. Upon completion of the merger, each outstanding share of CRP common stock that has not exercised appraisal rights will be converted in part into 0.0865 of a share of HCP common stock. Consequently, the rights of CRP stockholders who receive shares of HCP common stock as a result of the merger will still be governed by the Maryland General Corporation Law, but will also be governed by HCP's charter and bylaws as opposed to CRP's charter and bylaws. See "Comparison of Stockholder Rights" beginning on page 174 for a discussion of the similarities and differences between various provisions of CRP's and HCP's respective charters and bylaws.

**No Solicitations of Alternative Transactions (See Page 83)**

The merger agreement requires CRP to refrain from soliciting or facilitating any "acquisition proposal," including by providing non-public information, or engaging in any discussions or negotiations regarding an acquisition proposal. However, if CRP receives an unsolicited acquisition proposal prior to the approval of the merger by CRP's stockholders, CRP may discuss such acquisition proposal and may furnish information to the person making the proposal if CRP's board of directors and the special committee determine after consultation with their respective financial and legal advisors that:

such actions are required in order to comply with their statutory duties under Maryland law or fiduciary duties under CRP's charter; and

the acquisition proposal is or is reasonably likely to result in a "superior proposal."

In addition, CRP must notify HCP of the material terms of any acquisition proposal within 24 hours after its receipt and of any material amendments thereto or changes in the status of discussions or negotiations with the person making the proposal.

The CRP board of directors also cannot withdraw or qualify or modify in a manner adverse to HCP its recommendation of the merger or approve or recommend an acquisition proposal. However, if CRP receives an acquisition proposal prior to the approval of the merger by CRP's stockholders (and has complied with the notice provisions described above), the CRP board of directors may take such action if it and the special committee determine after consultation with their respective financial and legal advisors that:

such actions are required in order to comply with their statutory duties under Maryland law or fiduciary duties under CRP's charter; and

the acquisition proposal is a "superior proposal."

**Appraisal Rights (See Page 73)**

Under Maryland law, holders of CRP common stock have the right to seek an appraisal and payment of the fair value of their shares of CRP common stock in connection with the merger. Generally, in order to exercise these rights, a CRP stockholder must submit a written notice of objection to the merger at or before the stockholder meeting, must not vote to approve the merger and

must strictly comply with all of the procedures required by Maryland law. If you seek appraisal rights, you should be aware that the price determined by the Maryland court may be less than, equal to or more than the merger consideration you would have received for each of your shares in the merger if you had not exercised your appraisal rights. A copy of Maryland General Corporation Law Sections 3-201 et. seq. Appraisal Rights is included as Annex D to this proxy statement/prospectus.

IF YOU WANT TO EXERCISE YOUR APPRAISAL RIGHTS, PLEASE READ AND CAREFULLY FOLLOW THE PROCEDURES BEGINNING ON PAGE 73 AND IN ANNEX D. FAILURE TO TAKE ALL OF THE STEPS REQUIRED UNDER MARYLAND LAW MAY RESULT IN A LOSS OF YOUR APPRAISAL RIGHTS.

**Accounting Treatment of the Merger (See Page 71)**

HCP will account for the merger as a purchase for financial reporting purposes.

## SELECTED HISTORICAL FINANCIAL DATA OF HCP

HCP is providing the following information to aid you in your analysis of the financial aspects of the merger. HCP derived this information from its audited consolidated financial statements for the years 2001 through 2005 and the unaudited consolidated financial statements as of and for the three months ended March 31, 2006 and 2005.

As stated above, the selected historical consolidated financial data for HCP as of and for the period ended March 31, 2006 is unaudited and was prepared in accordance with generally accepted accounting principles applied to interim financial information. In the opinion of HCP's management, all adjustments necessary for a fair presentation of results of operations for such interim period have been included. These adjustments consist only of normal recurring accruals. Results for interim periods are not necessarily indicative of the results to be expected for the full year. This information is only a summary and you should read it in conjunction with the historical and unaudited pro forma combined financial statements and related notes contained in the annual reports, quarterly reports and other information regarding HCP filed with the SEC, certain of which are included in this proxy statement/prospectus. See "Where You Can Find More Information" on page 183.

	As of or for the three months ended March 31,		As of or for the year ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
(In thousands, except per share data)							
<b>Income statement data:</b>							
Total revenue	\$ 141,695	\$ 107,247	\$ 475,508	\$ 417,828	\$ 367,140	\$ 316,830	\$ 283,757
Income from continuing operations	48,840	36,778	157,965	153,190	139,398	123,845	100,702
Net income applicable to common shares	52,605	38,175	151,927	147,910	121,849	112,480	96,266
<b>Income from continuing operations applicable to common shares:</b>							
Basic earnings per common share	\$ 0.32	\$ 0.24	\$ 1.02	\$ 1.00	\$ 0.82	\$ 0.86	\$ 0.70
Diluted earnings per common share	0.32	0.23	1.01	0.99	0.82	0.85	0.70
<b>Net income applicable to common shares:</b>							
Basic earnings per common share	\$ 0.39	\$ 0.29	\$ 1.13	\$ 1.12	\$ 0.98	\$ 0.98	\$ 0.89
Diluted earnings per common share	0.38	0.28	1.12	1.11	0.97	0.96	0.89
<b>Balance sheet data:</b>							
Total assets	\$ 3,788,816	\$ 3,048,133	\$ 3,597,265	\$ 3,104,526	\$ 3,035,957	\$ 2,748,417	\$ 2,431,153
Debt obligations(1)	2,119,869	1,432,751	1,956,946	1,487,291	1,407,284	1,333,848	1,057,752
Stockholders' equity	1,407,505	1,413,821	1,399,766	1,419,442	1,440,617	1,280,889	1,246,724
<b>Other data:</b>							
Dividends paid	\$ 63,761	\$ 61,607	\$ 248,389	\$ 243,250	\$ 223,231	\$ 213,349	\$ 190,123
Dividends paid per common share	0.425	0.42	1.68	1.67	1.66	1.63	1.55

(1) Includes bank line of credit, senior unsecured notes and mortgage debt.

## SELECTED HISTORICAL FINANCIAL DATA OF CRP

CRP is providing the following information to aid you in your analysis of the financial aspects of the merger. CRP derived this information from its audited consolidated financial statements for the years 2001 through 2005 and its unaudited consolidated financial statements as of and for the three months ended March 31, 2006 and 2005.

As stated above, the selected historical consolidated financial data for CRP as of and for the period ended March 31, 2006 and 2005 is unaudited and was prepared in accordance with generally accepted accounting principles applied to interim financial information. In the opinion of CRP's management, all adjustments necessary for a fair presentation of results of operations for such interim period have been included. These adjustments consist only of normal recurring accruals. Results for interim periods are not necessarily indicative of the results to be expected for the full year. This information is only a summary and you should read it in conjunction with the historical and unaudited pro forma combined financial statements and related notes contained in the annual reports, quarterly reports and other information regarding CRP filed with the SEC, which are included in this proxy statement/prospectus. See "Where You Can Find More Information" on page 183.

	As of or for the three months ended March 31,		As of or for the year ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
(In thousands, except per share data)							
<b>Income statement data:</b>							
Total revenue	\$ 104,879	\$ 91,329	\$ 384,083	\$ 262,769	\$ 93,008	\$ 16,416	\$ 1,764
Income from continuing operations	36,221	38,461	142,415	118,351	57,864	11,041	916
Net income	35,752	32,635	135,581	117,918	58,460	11,372	916
<b>Income from continuing operations per share (basic and diluted):</b>							
	\$ 0.14	\$ 0.16	\$ 0.57	\$ 0.56	\$ 0.65	\$ 0.50	\$ 0.38
<b>Net income per share (basic and diluted):</b>	\$ 0.14	\$ 0.14	\$ 0.55	\$ 0.56	\$ 0.66	\$ 0.52	\$ 0.38
<b>Balance sheet data:</b>							
Total assets	\$ 4,049,439	\$ 3,649,781	\$ 3,838,761	\$ 3,369,641	\$ 1,761,899	\$ 441,765	\$ 64,447
Debt obligations(1)	1,668,373	1,409,416	1,536,766	1,193,548	392,583	45,327	
Stockholders' equity	2,299,562	2,164,690	2,227,807	2,103,357	1,345,941	389,795	60,910
<b>Other data:</b>							
Distributions declared and paid	\$ 45,499	\$ 42,593	\$ 175,958	\$ 147,156	\$ 59,784	\$ 14,379	\$ 1,507
Distributions declared and paid per share	0.1776	0.1776	0.7104	0.7104	0.7104	0.7002	0.6996

(1) Includes mortgages payable, bonds payable, construction loans payable and line of credit.

**SUMMARY UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL DATA**

The following summary unaudited pro forma combined condensed financial data has been derived from the unaudited pro forma combined condensed financial statements and notes appearing in this proxy statement/prospectus under the heading "Unaudited Pro Forma Combined Condensed Financial Statements." The following data has been prepared and is presented as if the acquisitions of CRP and the Advisor and the related incurrence or assumption of debt by HCP in connection with such transactions had been consummated on the first day of the period presented, for purposes of the income statement data, and as of the date of the balance sheet, for purposes of the balance sheet data. The purchase method of accounting is used to record the merger.

The unaudited pro forma combined condensed financial data includes adjustments to record the assets acquired and liabilities assumed at their fair values. Such adjustments are subject to change as additional information becomes available and as the merger is consummated. The unaudited pro forma combined condensed financial data is presented for illustrative purposes only, and does not indicate either the operating results that would have occurred had the merger been consummated on January 1, 2005 or January 1, 2006 or future results of operations or financial condition. The unaudited pro forma combined condensed financial statements are based upon assumptions and adjustments that HCP believes are reasonable. The unaudited pro forma combined condensed financial data should be read in conjunction with the unaudited pro forma combined condensed financial statements and notes appearing in this proxy statement/prospectus under the heading "Unaudited Pro Forma Combined Condensed Financial Statements" as well as HCP's historical financial statements contained in its Annual Report on Form 10-K for the year ended December 31, 2005 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, which have been incorporated by reference in this proxy statement/prospectus, and CRP's historical financial statements included in this proxy statement/prospectus. See "Where You Can Find More Information" on page 183.

	<b>For the three months ended March 31, 2006</b>	<b>For the year ended December 31, 2005</b>
	(In thousands, except per share data)	
<b>Pro forma condensed consolidated income statement data:</b>		
Income from continuing operations	\$ 29,309	\$ 72,736
Income from continuing operations applicable to common shares	24,026	51,606
Earnings from continuing operations per common share basic	\$ 0.15	\$ 0.32
Weighted average common shares outstanding basic	163,272	161,905
Earnings from continuing operations per common share diluted	\$ 0.15	\$ 0.32
Weighted average common shares outstanding diluted	164,088	162,792
	As of or for the three months ended March 31, 2006	
	(In thousands, except per share data)	
<b>Pro forma condensed consolidated balance sheet and other data:</b>		
Total assets	\$	9,313,769
Total debt/long-term obligations and redeemable preferred shares		7,304,918
Cash dividends declared per common share		0.425

**UNAUDITED COMPARATIVE PER SHARE DATA**

The following table summarizes unaudited per share information of HCP and CRP on a historical basis, on a pro forma combined basis for HCP, giving effect to the merger and the Advisor merger, and on an equivalent pro forma combined basis for CRP. It has been assumed for purposes of the pro forma financial information provided below that the merger was completed at the beginning of the period presented for income statement purposes, and on the date of the balance sheet for balance sheet purposes. The following information should be read in conjunction with the unaudited consolidated financial statements of HCP and CRP at and for the quarter ended March 31, 2006 and the audited consolidated financial statements of HCP and CRP for the year ended December 31, 2005, which are incorporated by reference or included in this proxy statement/prospectus, and the Unaudited Pro Forma Condensed Combined Financial Information as of and for the quarter ended March 31, 2006 and for the year ended December 31, 2005 beginning on page F-2. The pro forma information below is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the beginning of the period presented, nor is it necessarily indicative of the future operating results or financial position of the combined company. The historical book value per share is computed by dividing total stockholders' equity by the number of shares of common stock outstanding at the end of the period. The pro forma per share income from continuing operations of the combined company is computed by dividing the pro forma weighted average number of shares outstanding over the period. The pro forma combined book value per share is computed by dividing total pro forma stockholders' equity by the pro forma number of shares of common stock outstanding at the end of the period. CRP equivalent pro forma combined per share amounts are calculated by multiplying the pro forma combined per share amounts by 0.0865, the number of shares of HCP common stock representing the stock portion of the merger consideration that will be exchanged for each share of CRP common stock in the merger.

	<b>Quarter Ended March 31, 2006</b>	<b>Year Ended December 31, 2005</b>
<b>HCP Historical</b>		
Historical per common share:		
Income per share from continuing operations (basic)	\$ 0.32	\$ 1.02
Income per share from continuing operations (diluted)	0.32	1.01
Dividends declared per common share	0.425	1.68
Book value per share	10.2856	10.2777
<b>CRP Historical</b>		
Historical per common share:		
Income per share from continuing operations (basic and diluted)	\$ 0.14	\$ 0.57
Distributions declared per common share	0.1776	0.7104
Book value per share	8.70	8.72
<b>Unaudited Pro Forma Combined</b>		
Unaudited pro forma share of HCP common stock		
Income per share from continuing operations (basic and diluted)	\$ 0.15	\$ 0.32
Dividends declared per common share	0.425	1.68
Book value per share	12.9756	10.2777
<b>Unaudited Pro Forma CRP Equivalents</b>		
Unaudited pro forma per HCP common share:		
Income per share from continuing operations (basic and diluted)	\$ 0.01298	\$ 0.02768
Dividends declared per common share	0.03676	0.14532
Book value per share	1.12239	0.88902

## COMPARATIVE PER SHARE MARKET PRICE DATA AND DIVIDEND INFORMATION

## HCP Common Stock

HCP common stock is listed on the NYSE under the symbol HCP. As of \_\_\_\_\_, 2006, there were \_\_\_\_\_ stockholders of record of HCP's common stock. The following table presents trading information for HCP common stock on May 1, 2006, the last trading day before the public announcement of the execution of the merger agreement, and \_\_\_\_\_, 2006, the latest practicable trading day before the date of this proxy statement/prospectus.

HCP Common Stock			
	High	Low	Close
May 1, 2006	\$ 27.56	\$ 26.78	\$ 26.85
_____, 2006	\$	\$	\$

## CRP Common Stock

There is no public trading market for shares of CRP's common stock. As of \_\_\_\_\_, 2006, there were \_\_\_\_\_ stockholders of record of CRP's common stock. As of December 31, 2005, the offering price per share of CRP's common stock was \$10.00. The offering price per share was determined by CRP in its sole discretion based upon the price CRP believed investors would pay for the shares and on certain other considerations and may not represent the fair market value of the shares. CRP did not take into account the value of the underlying assets in determining the price per share.

The table below sets forth, for the calendar quarters indicated:

the high and low closing prices per share reported on the NYSE composite transactions reporting system for HCP (adjusted for all periods to reflect a 2-for-1 stock split that occurred on March 2, 2004);

the high and low sales prices per share for CRP based on transfers of shares CRP's common stock of which it is aware; and

the dividends declared on shares of HCP common stock and on CRP common stock.

	HCP Common Stock			CRP Common Stock		
	High	Low	Dividends	High	Low	Dividends
<b>2004</b>						
First Quarter	\$ 29.09	\$ 25.30	\$ 0.4175	\$ 10.00	\$ 10.00	\$ 0.1776
Second Quarter	28.60	21.68	0.4175	10.00	9.50	0.1776
Third Quarter	26.00	23.89	0.4175	9.25	6.50	0.1776
Fourth Quarter	28.85	26.18	0.4175	10.00	6.89	0.1776
<b>2005</b>						
First Quarter	27.45	23.45	0.42	8.61	8.61	0.1776
Second Quarter	28.43	23.45	0.42	9.91	8.95	0.1776
Third Quarter	28.68	25.39	0.42	9.39	8.55	0.1776
Fourth Quarter	27.00	24.44	0.42	9.43	8.95	0.1776
<b>2006</b>						
First Quarter	28.81	25.89	0.425	10.00	8.92	0.1776
Second Quarter (through June _____, 2006)						



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On \_\_\_\_\_, 2006 the latest practicable trading day prior to the date of this proxy statement/prospectus, the last sale price per share of HCP common stock was \$ \_\_\_\_\_, and the last sale price per share of CRP common stock prior to such date, based on transfers of CRP common stock of which CRP is aware, was \$ \_\_\_\_\_.

We urge you to obtain current market quotations for HCP common stock before making any decision regarding the merger.

## RISK FACTORS

*Material risks of this offering are identified in the risk factors included in this proxy statement/prospectus and those incorporated by reference. In addition to the other information contained in or incorporated by reference into this proxy statement/prospectus, including the matters addressed under the caption "Special Note Regarding Forward-Looking Statements," you should carefully consider the following risk factors in deciding whether to vote for approval of the merger. The material risks relating to HCP's ongoing business are incorporated by reference from the annual report of HCP on Form 10-K for the fiscal year ended December 31, 2005 and the quarterly report of HCP on Form 10-Q for the quarter ended March 31, 2006.*

As used throughout this section, the terms "we," "us," and "our" refer to both CRP and HCP together and the combined company which will result from the proposed merger unless otherwise specified.

### ***Risks Relating to the Merger and HCP's Business***

#### **The value of the merger consideration to be paid in HCP common stock will fluctuate.**

Upon the completion of the merger, each share of CRP common stock outstanding (with respect to which appraisal rights are not exercised) immediately prior to the merger will be converted into the right to receive merger consideration that consists in part of .0865 of a share of HCP common stock. The market price for HCP common stock may vary from the closing price of HCP common stock on the date the merger was announced, on the date that this proxy statement/prospectus was mailed to CRP stockholders and on the date of the CRP special meeting. For example, from May 2, 2006, the date the merger was announced, to \_\_\_\_\_, HCP's common stock traded as high as \$ \_\_\_\_\_ and as low as \$ \_\_\_\_\_ per share.

The number of shares of HCP's common stock to be exchanged in connection with the merger is set at a fixed ratio and will not be adjusted as a result of any increase or decrease in the price of either HCP common stock or CRP common stock. In addition, neither HCP nor CRP is permitted to terminate the merger agreement or resolicit the vote of CRP stockholders solely because of changes in the value of either company's stock. Stock price changes may result from a variety of factors, including general market and economic conditions and changes in the respective businesses, operations and prospects of CRP and HCP. Many of these factors are beyond the control of CRP or HCP.

#### **The market price of HCP common stock after the merger may be affected by factors different from those affecting the shares of CRP currently.**

The businesses of HCP and CRP are different and, accordingly, the results of operations of HCP and the market price of HCP's common stock may be affected by factors different from those currently affecting the results of operations of CRP and the value of CRP's common stock. For a discussion of the businesses of HCP and CRP and of certain factors to consider in connection with those businesses, see the documents incorporated by reference in this proxy statement/prospectus and referred to under "Where You Can Find More Information" beginning on page 183.

#### **HCP may not have qualified or continue to qualify as a REIT for federal income tax purposes. CRP may not have qualified as a REIT for federal income tax purposes.**

HCP has been organized as, and believes that its past and present operations qualify it as, a real estate investment trust, which we refer to as a REIT, under the Internal Revenue Code of 1986, as amended, which we refer to as the Code. In addition, following the merger, HCP intends to operate in a manner that will allow it to continue to qualify as a REIT. However, the Internal Revenue Service, or the IRS, could successfully assert that HCP was not or will not continue to be qualified as a REIT.

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That is because qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial or administrative interpretations and involves the determination of various factual matters and circumstances not entirely within the control of HCP. If HCP fails to qualify as a REIT, HCP will not be allowed a deduction for dividends paid to stockholders in computing taxable income and would become subject to federal income tax at regular corporate tax rates. In such an event, HCP could be subject to potentially significant tax liabilities. Unless entitled to relief under certain statutory provisions, HCP would also be disqualified from treatment as a REIT for the four taxable years following the year in which HCP lost its qualification. In addition, if HCP fails to qualify as a REIT, all distributions to HCP stockholders would be subject to tax as regular corporate dividends to the extent of HCP's current and accumulated earnings and profits and HCP would not be required to make distributions to its stockholders.

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.

### **If HCP is unable to successfully integrate the operations of CRP, its business and earnings may be negatively affected.**

The merger with CRP will involve the integration of companies that have previously operated independently. Successful integration of the operations of CRP will depend primarily on HCP's 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 HCP and CRP. We cannot assure you that HCP will be able to integrate CRP's operations without encountering difficulties, including, but not limited to, the loss of key employees, the disruption of its respective ongoing businesses or possible inconsistencies in standards, controls, procedures and policies. Estimated cost savings are projected to come from various areas that HCP's management has identified through the due diligence and integration planning process. If HCP has difficulties with any of these integrations, it might not achieve the economic benefits it expects to result from the merger, and this may hurt its business and earnings. In addition, HCP 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 price of HCP common stock.**

HCP has established joint ventures with respect to certain of its properties or sold certain of its properties to third parties in recent years and intends to continue to establish joint ventures and sell properties as opportunities arise. HCP believes 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 those owned or developed by CRP, on advantageous terms is dependent upon several factors, some of which are beyond the control of HCP's management. These factors include the ability of HCP to identify financial partners willing to contribute to joint ventures on acceptable terms, if at all, and the ability of HCP 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 HCP to continue its strategy of contributing properties to such joint ventures. The inability of HCP to establish joint ventures and contribute properties to such joint ventures or to sell properties, including those owned by CRP, or to do so on advantageous terms could materially adversely affect HCP.

**The merger agreement contains provisions that could discourage a potential competing acquirer.**

The merger agreement contains provisions that could discourage a potential competing acquirer that might be willing to pay more for CRP than is being paid by HCP in the merger or could result in any competing proposal being at a lower price than it might otherwise be.

The merger agreement contains "no shop" provisions that, subject to limited exceptions, restrict CRP's ability to solicit, knowingly encourage or facilitate or initiate any inquiries, or participate in discussions or negotiations regarding competing third-party "acquisition proposals" to acquire all or a significant part of CRP. Further, there are only limited exceptions to CRP's agreement that CRP's board of directors and the special committee will not withdraw, qualify or modify, in a manner adverse to HCP, their recommendation of the merger, and HCP generally has a right to submit a revised proposal at least as favorable from a financial point of view to CRP's stockholders as the "superior proposal" that may be made before CRP can terminate the merger agreement to enter into an agreement relating to such superior proposal. In addition, if CRP's board of directors terminates the merger agreement to enter into a binding written agreement to effect a superior proposal, CRP would, upon such termination, be required to pay the \$107 million termination fee to HCP. Furthermore, if a third party publicly announces an acquisition proposal for CRP before the special meeting, such proposal remains outstanding and CRP's stockholders do not approve the merger, CRP will be required to pay HCP the \$107 million termination fee if within 12 months thereafter CRP consummates or enters into an agreement for an acquisition proposal for more than 50% of CRP's stock or consolidated assets. Moreover, if HCP terminates the merger agreement because CRP's board of directors and special committee (i) publicly withdraw or knowingly modify, in a manner adverse to HCP, their recommendation, (ii) approve or recommend an alternative acquisition proposal, (iii) at any time after the end of 15 business days following receipt of an acquisition proposal, fail to reaffirm such recommendation within five business days after receipt of any request to do so from HCP (provided the five day period may be extended for an additional five business days under specified circumstances) or (iv) recommend that CRP's stockholders tender their shares in a publicly announced offer for more than 20% of CRP's outstanding shares (not commenced by HCP or an affiliate of HCP), then CRP would be required to pay HCP the \$107 million termination fee.

These and other provisions in the merger agreement could discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of CRP from proposing such an acquisition, even if it were prepared to pay consideration with a higher per share cash or market value than that proposed to be paid by HCP in the merger, or might result in a potential competing acquirer proposing to pay a lower per share price to acquire CRP than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable to HCP in certain circumstances.

If the merger agreement is terminated and CRP determines to seek another business combination, CRP may not be able to negotiate a transaction with another company on terms comparable to, or better than, the terms of the proposed merger.

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

HCP and CRP are expected to incur one-time, pre-tax costs of approximately \$33.1 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 HCP and CRP. Completion of the merger will also require the payment of fees under certain of CRP's existing debt. In addition, HCP anticipates prepaying and/or refinancing other of CRP's existing debt. HCP also expects to incur one-time, pre-tax cash and non-cash costs related to the integration of HCP and CRP, which cannot be estimated at this time. There can be no assurance that the costs incurred by HCP and CRP in connection with the merger will not be higher than expected or that HCP 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 HCP's existing indebtedness. This increased level of indebtedness could adversely affect HCP in many ways, including by reducing funds available for other business purposes, reducing HCP's flexibility and subjecting HCP to variations in interest rates.**

The indebtedness of HCP as of March 31, 2006 was approximately \$2.1 billion. HCP's pro forma indebtedness as of March 31, 2006, giving effect to the merger and taking into account HCP's anticipated debt financings in connection with the merger, would be approximately \$7 billion. HCP's anticipated debt financings include up to \$2.6 billion of aggregate borrowings under a 364 day bridge facility and a two-year term loan facility. In addition, it is expected that HCP will continue to incur debt in the future. As a result of the increase in debt, demands on HCP's cash resources will increase after the merger. The increased levels of debt could reduce funds available to HCP to pay dividends, or make capital expenditures and acquisitions or create competitive disadvantages for HCP 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, the debt facilities that HCP expects to enter into to finance the merger 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 specified other events. As a result of such covenants and HCP's expected level of debt generally, HCP's flexibility could be significantly limited, including its ability to finance or refinance its properties, contribute properties to joint ventures or sell properties as needed.

At March 31, 2006, approximately \$412 million of HCP's debt was subject to variable interest rates. HCP anticipates that a substantive 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 its 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 price of HCP common stock.

**Some of CRP's directors and executive officers may have additional or different interests in the merger.**

In deciding how to vote on the proposal to approve the merger, CRP stockholders should be aware that CRP's directors and executive officers have interests in the merger that are different from, or in addition to, the interests of CRP stockholders generally. See "The Merger Interests of CRP's Director and Executive Officers in the Merger." Each of CRP's board of directors and the special committee was aware of these interests and considered them in approving the merger agreement and the merger.

**Failure to complete the merger could negatively impact CRP's future business and operations.**

It is possible that the merger may not be completed. The parties' obligations to complete the merger are subject to the satisfaction or waiver of specified conditions, some of which are beyond the control of CRP and HCP. For example, the merger is conditioned on the receipt of the required approval of CRP's stockholders. If this approval is not received, the merger cannot be completed even if all of the other conditions to the merger are satisfied or waived. If the merger is not completed for any reason, CRP may be subject to a number of material risks, including the following:

CRP may be required under certain circumstances to pay HCP a termination fee of \$107 million or reimburse HCP for up to \$3 million of expenses, depending upon the circumstances of the termination; and

CRP will have incurred substantial costs related to the merger, such as legal, accounting and certain financial advisor fees, which must be paid even if the merger is not completed.

**After the merger is completed, CRP's stockholders will become stockholders of HCP and will have different rights that may be less advantageous than their current rights.**

After the closing of the merger, CRP's stockholders will become HCP's stockholders. CRP and HCP are each Maryland corporations that qualify as REITs. Differences in CRP's and HCP's charter and bylaws will result in changes to the rights of CRP's stockholders when they become HCP stockholders. A CRP stockholder may conclude that its current rights under CRP's charter and bylaws are more advantageous than the rights they may have under HCP's charter and bylaws. See "Comparison of Stockholder Rights" beginning on page 174.

**As a result of the merger, the number of HCP's stockholders will increase by approximately                      persons. Sales by such individuals could exert downward pressure on the price of HCP's common stock.**

As of                      , 2006, CRP had                      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 HCP common stock, which is publicly traded and more liquid. Sales by former CRP stockholders of HCP's common stock could exert downward pressure on the price of HCP's common stock.

***Risks Relating to CRP's Business***

*The risks identified in this subsection "Risks Relating to CRP's Business" relate to the ongoing business of CRP assuming the merger with HCP is not completed.*

***Risks Related to Owning CRP Stock***

**The sale of shares by stockholders could be difficult.**

Currently there is no public market for CRP's shares, so stockholders may not be able to sell their shares promptly at a desired price. Therefore, stockholders should view their shares as a long-term investment only. CRP does not know if it will ever apply to list CRP's shares on a national securities exchange or over-the-counter market, or, if CRP does apply for listing, when such application would be made or whether it would be accepted. If CRP's shares are listed, CRP cannot assure CRP's stockholders that a public trading market will develop. CRP cannot assure its stockholders that the price they would receive in a sale on a national securities exchange or over-the-counter market would be representative of the value of the assets CRP owns or that it would equal or exceed the amount CRP's stockholders paid for the shares.

*CRP-Related Risks*

**CRP is dependent on the Advisor.**

The Advisor, subject to approval by CRP's board of directors, is responsible for CRP's investments and daily management. CRP's board of directors may terminate the agreement with the Advisor, with or without cause, but only subject to payment and release of the Advisor from all guarantees and other obligations incurred as Advisor. CRP cannot be sure that the Advisor will achieve CRP's objectives or that CRP's board of directors will be able to act quickly to remove the Advisor if it deems removal necessary. As a result, it is possible that CRP would be managed for some period by a company that was not acting in its best interests or not capable of helping CRP achieve its objectives.

**Conflicts of interest.**

The Advisor and its affiliates may be engaged in other activities that would result in potential conflicts of interest with the services that the Advisor and affiliates provide to CRP, such as the acquisition of properties on behalf of other entities with investment objectives similar to CRP's. The resolution of conflicts of interest in favor of other entities could have a negative impact on CRP's financial performance.

**There will be competing demands on CRP's officers and directors.**

Some of CRP's directors and officers, and some of the directors and officers of the Advisor have management responsibilities for other companies including, in certain cases, companies that may in the future invest in some of the same types of assets in which CRP may invest. For this reason, these officers and directors will share their management time and services among those companies and CRP, will not devote all of their attention to CRP and could take actions that are more favorable to the other companies than to CRP.

**The timing of sales and acquisitions may favor the Advisor.**

The Advisor may immediately realize substantial commissions, fees and other compensation as a result of any investment in or sale of an asset by CRP. CRP's board of directors must approve any investments and sales, but the Advisor's recommendation to CRP's board of directors may be influenced by the impact of the transaction on the Advisor's compensation.

**The Advisor's fee structure may encourage the Advisor to recommend speculative investments and a high amount of leverage.**

The Advisor will realize substantial compensation in connection with the acquisition of properties, and as a result, may recommend speculative investments to CRP. In addition, because the Advisor will receive fees based on the amount of permanent financing CRP obtains, the Advisor may have an incentive to recommend a high amount of leverage to CRP. Similarly, because the Advisor may receive fees upon the sale of properties, loans and other permitted investments, the Advisor may have an incentive to recommend to CRP the premature sale of these assets.

**The agreements between CRP and the Advisor were not the result of arm's-length negotiations.**

Because some of CRP's officers and directors are also officers and directors of the Advisor, the terms of the advisory agreement may favor the Advisor. As a result, the Advisor may not always act in CRP's best interests, which could adversely affect CRP's results of operations.

**CRP's properties may be developed by affiliates.**

Properties that CRP acquires may require development, renovation or other improvement prior to use by a tenant. CRP's affiliates may provide these services and if so, the affiliates would receive the development fee that would otherwise be paid to an unaffiliated developer. CRP's board of directors, including the independent directors, must approve employing one of CRP's affiliates to serve in such capacity. There is a risk, however, that CRP would acquire properties that require such services so that an affiliate would receive such fees.

**CRP may invest with affiliates of the Advisor and enter into transactions with them.**

CRP may invest in joint ventures with other programs sponsored by the Advisor or its affiliates. CRP's board of directors, including the independent directors, must approve the transaction, but the Advisor's recommendation may be affected by its relationship with one or more of the co-venture partners and may be more beneficial to the other programs than to CRP. Further, because these transactions are, and other transactions CRP enters into may be, with affiliates, they may not be at arm's length. Had they been at arm's length, the terms of such transactions may have been different and may have been more beneficial to CRP.

***Real Estate and Other Investment Risks***

**Lack of Diversification.**

Lack of diversification increases investment risk. CRP's profitability and ability to diversify investments is limited by the amount of future funds CRP receives through CRP's public offerings and borrowings, as well as the cost of the investments. CRP may not be able to achieve diversification by tenant, operator, brand, facility type or geographic location. There is no limit on the number of properties of a particular brand or facility type which CRP may acquire, and CRP is not obligated to invest in more than one type of facility. Presently, CRP's investments are concentrated in certain tenants, operators, brands and types of facilities and any adverse development affecting any of them could materially adversely affect CRP's financial condition and CRP's ability to make distributions. In addition, to the extent CRP's assets are geographically concentrated, an economic downturn in one or more of the markets in which CRP has invested could have an adverse effect on CRP's financial condition and CRP's ability to make distributions. As of December 31, 2005, CRP owned interests in properties in 33 states, with 14%, 13%, 9% and 8% of those properties located in Texas, Florida, California and Illinois, respectively.

**Multiple property leases or loans with individual tenants and borrowers increases CRP's risks.**

The value of CRP's properties depends principally upon the value of the underlying leases. Minor defaults by a tenant or borrower may continue for some time before the Advisor or CRP's board of directors determines that it is in CRP's interest to evict the tenant or foreclose on the property of the borrower. Tenants may lease more than one property and borrowers may enter into more than one loan, and as a result, a default by the tenant or borrower could cause more than one property to become vacant or more than one loan to become nonperforming. Vacancies would reduce CRP's revenue and could decrease the properties' value until CRP is able to re-lease the affected properties. Generally, the senior housing facilities, ambulatory surgery centers and specialty and general hospitals are special purpose properties and may not be readily converted into general residential, retail or office use.

**Adverse trends in the healthcare and senior housing industry may impact CRP's properties.**

CRP's financial condition is dependent on the ability of tenants or third-party operators to operate the properties successfully. Failure of CRP's tenants or third-party operators to operate the properties

successfully or adapt to dominant trends in the healthcare and senior housing industry may limit their ability to pay their rent, which could adversely affect CRP's financial condition.

**CRP may rely on credit enhancements to CRP's leases for minimum rent payments.**

CRP's leases may have credit enhancement provisions, such as guarantees or shortfall reserves provided by a third-party tenant or operator. These credit enhancement provisions may terminate at either a specific time during the lease term or once net operating income of the property exceeds a specified amount. These provisions may also have limits on the overall amount of the credit enhancement. After the termination of a credit enhancement, or in the event that the maximum limit of a credit enhancement is reached, CRP may only look to the tenant to make lease payments. In the event that a credit enhancement has expired or the maximum limit has been reached, or in the event that a provider of a credit enhancement is unable to meet its obligations, CRP's results of operations and CRP's cash available for distribution could be adversely affected if CRP's properties are unable to generate sufficient funds from operations to meet minimum rent payments and the tenants do not otherwise have the resources to make the rent payments. CRP's tenants may be thinly capitalized corporations that rely on the cash flow generated from the properties to fund rent obligations under their lease.

**CRP may rely on limited guarantees to fund rent payments, which could adversely impact cash available for distributions.**

In connection with the acquisition and development of certain senior housing portfolios CRP may require the tenant or operator guarantees or other types of income support to guarantee the tenant's obligations to pay minimum rent and furniture, fixture and equipment reserve income. Certain of these are limited guarantees that contain maximum funding caps or termination dates.

**CRP's leases with tenants of some of CRP's medical facilities may present greater risk because they are expected to be gross leases and the majority of the medical facility leases are expected to have five to 15 year terms.**

Under CRP's triple-net lease agreements, CRP's tenants are responsible for maintenance and other day-to-day management of the properties either directly or by entering into operating agreements with third-party operators. Because under CRP's gross leases the tenant generally is responsible for a certain capped amount of the repairs, maintenance, property taxes, utilities and insurance and CRP is responsible for the balance, CRP's results of operations could be affected if the balance of these expenses is large. In addition, CRP may have difficulty obtaining a new tenant upon the expiration of each short-term lease, and CRP's results of operations could be negatively impacted if CRP failed to do so within a short time period.

**CRP may experience uninsured loss or loss in excess of insured limits at CRP's properties.**

CRP requires its triple-net lease tenants to maintain appropriate levels of comprehensive liability and property insurance that cover CRP, as well as the tenants, on all of CRP's 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, CRP could lose all or a portion of the capital it has invested in a property, as well as the anticipated future revenue from the property. In such an event, CRP might nevertheless remain obligated for any mortgage debt or other financial obligation related to the property. CRP cannot be assured that material losses in excess of insurance proceeds will not occur in the future.

**CRP's properties may be subject to environmental liabilities.**

Under various federal and state environmental laws and regulations, as an owner or operator of real estate, CRP may be required to investigate and clean up certain hazardous or toxic substances, asbestos-containing materials, or petroleum product releases at CRP's properties. CRP may also be held liable to a governmental entity or to third parties for property damage and for investigation and cleanup costs incurred by those parties in connection with the contamination. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with the contamination. The presence of contamination or the failure to remediate contamination at any of CRP's properties may adversely affect CRP's ability to sell or lease the affected properties or to borrow using the affected properties as collateral. At certain properties, such as skilled nursing facilities, medical office buildings and walk-in clinics, some environmental and bio-medical hazardous wastes and products will be used and generated in the course of normal operations of the facility. While the leases will provide that the tenant is solely responsible for complying with regulatory requirements and for any environmental hazards created during the term of the lease, CRP or an operator of a site may be liable under common law to third parties for damages and injuries resulting from environmental contamination coming from the site.

All of CRP's properties are acquired subject to satisfactory Phase I environmental assessments, which generally involve the inspection of site conditions without invasive testing such as sampling or analysis of soil, groundwater or other media or conditions; or satisfactory Phase II environmental assessments, which generally involve the testing of soil, groundwater or other media and conditions. CRP's board of directors and the Advisor may determine that CRP should acquire a property in which a Phase I or Phase II environmental assessment indicates that a problem exists and has not been resolved at the time the property is acquired, provided that if it is a material problem: (i) the seller, tenant or operator has (a) agreed in writing to indemnify CRP and/or (b) established in escrow cash funds equal to a predetermined amount greater than the estimated costs to remediate the problem; or (ii) CRP has negotiated other comparable arrangements, including but not limited to a reduction in the purchase price. CRP cannot be sure, however, that any seller will be able to pay under an indemnity CRP obtains or that the amount in escrow will be sufficient to pay all remediation costs. Further, CRP cannot be sure that all environmental liabilities associated with the properties that CRP may acquire from time to time will have been identified or that no prior owner, operator or current occupant will have created an environmental condition not known to CRP. Moreover, CRP cannot be sure that (i) future laws, ordinances or regulations will not impose any material environmental liability or (ii) the environmental condition of the properties that CRP may acquire from time to time will not be affected by tenants and occupants of the properties, by the condition of land or operations in the vicinity of the properties (such as the presence of underground storage tanks), or by third parties unrelated to CRP. Environmental liabilities that CRP may incur could have an adverse effect on CRP's financial condition or results of operations.

**CRP may not control the joint ventures in which CRP enters.**

CRP's independent directors must approve all joint venture or general partnership arrangements in which CRP enters. Subject to that approval, CRP may enter into a joint venture with an unaffiliated party to purchase a property, and the joint venture or general partnership agreement relating to that joint venture or partnership may provide that CRP will share management control of the joint venture with the unaffiliated party. In the event the joint venture or general partnership agreement provides that CRP will have sole management control of the joint venture, the agreement may be ineffective as to a third party who has no notice of the agreement, and CRP therefore may be unable to control fully the activities of the joint venture. If CRP enters into a joint venture with another program sponsored by an affiliate, CRP does not anticipate that it will have sole management control of the joint venture.

**Joint venture partners may have different interests than CRP has.**

Investments in joint ventures involve the risk that CRP's co-venture partner may have economic or business interests or goals which, at a particular time, are inconsistent with CRP's interests or goals, that the co-venture partner may be in a position to take action contrary to CRP's instructions, requests, policies or objectives, or that the co-venture partner may experience financial difficulties. Among other things, actions by a co-venture partner might subject property owned by the joint venture to liabilities in excess of those contemplated by the terms of the joint venture agreement or to other adverse consequences. If CRP does not have full control over a joint venture, the value of CRP's investment will be affected to some extent by a third party that may have different goals and capabilities than CRP's. As a result, joint ownership of investments may adversely affect CRP's returns on the investments and, therefore, cash available for distributions to CRP's stockholders may be reduced.

**It may be difficult for CRP to exit a joint venture after an impasse.**

In CRP's joint ventures, there is a potential risk of impasse in some joint venture decisions since CRP's approval and the approval of each co-venture partner is required for some decisions. In any joint venture with an affiliated program, however, CRP may have the right to buy the other co-venture partner's interest or to sell CRP's own interest on specified terms and conditions in the event of an impasse regarding a sale. In the event of an impasse, it is possible that neither party will have the funds necessary to complete the buy-out. In addition, CRP may experience difficulty in locating a third-party purchaser for CRP's joint venture interest and in obtaining a favorable sale price for the interest. As a result, it is possible that CRP may not be able to exit the relationship if an impasse develops.

**The liquidation of CRP's assets may be delayed.**

If CRP's shares are not listed on a national securities exchange or over-the-counter market by December 31, 2008, CRP is obligated under its charter to sell its assets and distribute the net sales proceeds to stockholders, and CRP will engage only in activities related to CRP's orderly liquidation, unless CRP's stockholders elect otherwise. Neither the Advisor nor CRP's board of directors may be able to control the timing of the sale of CRP's assets due to market conditions, and CRP cannot assure you that it will be able to sell its assets so as to return CRP's stockholders' aggregate invested capital, to generate a profit for the stockholders or to fully satisfy CRP's debt obligations. Because CRP uses a portion of the offering price from the sale of shares to pay expenses and fees and the full offering price is not invested in properties, CRP will only return all of CRP's stockholders' invested capital if CRP sells the properties for a sufficient amount in excess of their original purchase price. If CRP takes a purchase money obligation in partial payment of the sales price of a property, CRP will realize the proceeds of the sale over a period of years. Further, any intended liquidation of CRP may be delayed beyond the time of the sale of all of the properties until all mortgage loans and secured equipment leases expire or are sold, because any mortgage loans into which CRP enters are likely to have terms of ten to 20 years and secured equipment leases are likely to have terms of seven years, and those obligations may not expire before all of the properties are sold.

***Industry-Related Risks***

**Failure to comply with government regulations could adversely affect CRP's tenants, operators and borrowers.**

The healthcare industry is highly regulated by federal, state and local licensing requirements, facility inspections, reimbursement policies, regulations concerning capital and other expenditures, certification requirements and other laws, regulations and rules. In addition, regulators require compliance with a variety of safety, health, staffing and other requirements relating to the design and conditions of the licensed facility and quality of care provided. Additional laws and regulations may be

enacted or adopted that could require changes in the design of the properties and certain operations of CRP's tenants and third-party operators. The failure of any tenant or operator to comply with such laws, requirements and regulations could affect a tenant's or operator's ability to operate the facilities that CRP owns.

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. Additionally, in some instances, private litigation by patients has succeeded in winning large demand awards for alleged abuses. The effect of this litigation and potential litigation has increased the costs of monitoring and reporting quality of care compliance incurred by CRP's tenants. In addition, the cost of liability and medical malpractice insurance has increased and may continue to increase as long as the present litigation environment affecting the operations of healthcare facilities continues. Continued cost increases could cause CRP's tenants to be unable to pay their lease payments, decreasing CRP's cash flow available for distribution.

**Cost control and other healthcare reform measures may reduce reimbursements to CRP's tenants and borrowers.**

The healthcare industry faces various challenges, including increased government and private payor pressure on healthcare providers to control costs and the vertical and horizontal consolidation of healthcare providers. The pressure to control healthcare costs has intensified in recent years as a result of the national healthcare reform debate and has continued as Congress attempts to slow the rate of growth of federal healthcare expenditures as part of its effort to balance the federal budget. Similar debates are ongoing at the state level in many states. These trends are likely to lead to reduced or slower growth in reimbursement for services provided by some of CRP's tenants. Management cannot predict whether governmental reforms will be adopted and, if adopted, whether the implementation of these reforms will have a material adverse effect on CRP's financial condition or results of operations.

**CRP's tenants and borrowers may rely on government reimbursement.**

CRP's tenants, particularly those operating skilled nursing facilities and those leasing space in medical office buildings, may derive a significant portion of their revenues from governmentally funded programs, such as Medicaid and Medicare. Although CRP's lease payments are not linked to the level of government reimbursement received by the tenants, to the extent that changes in government funding programs adversely affect the revenues received by those tenants, such changes could adversely affect the ability of the tenants to make lease payments to CRP.

**Some of CRP's tenants, operators or borrowers may have physician investors.**

Some of CRP's borrowers, tenants or operators of healthcare facilities, including, without limitation, free standing ambulatory surgery centers and specialty or general hospitals, may have physician investors who refer patients to such healthcare facilities for treatment or services.

The federal Anti-Kickback Statute prohibits an individual or entity from knowingly and willfully offering or paying, or from soliciting or receiving, remuneration in order to induce the referral or the arranging for the referral of business reimbursed under the Medicare Program, Medicaid Program, or certain other state and federal healthcare programs. The primary concern under the federal Anti-Kickback Statutes for ventures in which physicians are investors is whether the offering of such investment interests, or subsequent distributions to such physician investors based on such investment interests, constitute disguised remuneration for referrals. The Office of Inspector General ("OIG") has promulgated regulations to clarify that certain investment and payment practices in the healthcare industry would not violate the Anti-Kickback Statute (the "Safe Harbors"). Certain of the Safe Harbors expressly address physician investment interests in free standing ambulatory surgery centers. Although

the Safe Harbors protect certain venture arrangements, the requirements of these Safe Harbors do not always provide viable business options and failure to conform to the provisions of a Safe Harbor does not necessarily mean that the arrangement violates the Anti-Kickback Statute.

In addition, the federal Stark Law prohibits, subject to certain express exceptions, a physician (or immediate family member) who has a financial relationship with an entity from making referrals to that entity for the furnishing of designated health services for which payment may be made under the federal healthcare programs. The Stark Law is often implicated in ventures in which physicians are investors because physicians make referrals for designated health services to the venture and have an ownership or compensation relationship with the venture. Designated health services do not include free standing ambulatory surgery services and, while hospital services are included within the definition of designated health services, the law includes an express exemption for physicians who have an ownership or investment interest in, and are authorized to perform services in, a so-called whole hospital. The whole hospital exemption, as it is applied to specialty, as opposed to general, hospitals not then under development, was subject to an eighteen month moratorium by certain provisions of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. The moratorium expired on June 8, 2005 without further legislative action. However, there can be no assurance that legislative action to curb or restrict physician investments in healthcare facilities will not occur in the future.

Violation by CRP's tenants, operators or borrowers of the Anti-Kickback Statute or the Stark Law could result in loss of licensure or certification, the imposition of civil monetary and criminal penalties, and the potential exclusion from the Medicare and Medicaid programs. Such sanctions could adversely effect CRP's tenants' and borrowers' ability to make lease and loan payments to CRP and could result in CRP's having to find another tenant or operator, which could have an adverse effect on CRP's financial condition or results of operations.

### *Lending Risks*

#### **CRP's mortgage loans may be impacted by unfavorable real estate market conditions.**

If CRP makes mortgage loans, CRP will be at risk of defaults on those loans caused by many conditions beyond CRP's control, including local and other economic conditions affecting real estate values and interest rate levels. CRP does not know whether the values of the properties securing the mortgage loans will remain at the levels existing on the dates of origination of the mortgage loans. If the values of the underlying properties drop, CRP's risk will increase and the values of CRP's interests may decrease.

#### **CRP's loans may not be secured by real estate.**

CRP may make unsecured loans or loans that are not secured by real estate. Any security CRP receives in connection with such loans may not provide CRP with the protection of loans secured by real estate. Such loans will involve risks particular to the borrowers' businesses. CRP may not be as familiar with such businesses as it is with various types of healthcare-related facilities. Were a borrower to default on such a loan, CRP may lose the entire amount of the loan and have no recourse against the borrower.

### *Financing Risks*

#### **Borrowings.**

CRP may borrow money to acquire assets, to preserve CRP's status as a REIT or for any other authorized corporate purposes. CRP may mortgage or put a lien on one or more of CRP's assets in connection with any borrowing. At December 31, 2005, CRP had aggregate outstanding borrowings, including permanent financing, bonds payable, construction loans and CRP's outstanding revolving line

of credit, equal to approximately 40% of CRP's total assets. Pursuant to CRP's charter, CRP is entitled to borrow up to 75% of CRP's total assets (which is the approximate equivalent of 300% of CRP's "net assets," as defined in CRP's charter), although CRP does not presently expect to borrow more than 50% of CRP's total assets. Borrowing may be risky if the cash flow from the properties and other investments is insufficient to meet CRP's debt obligations.

**CRP may borrow to pay distributions.**

CRP may borrow to make distributions for various purposes, including to preserve its REIT status. CRP has borrowed and may in the future borrow money from CRP's revolving line of credit to make distributions. In certain instances if CRP is unable or chooses not to borrow, distributions to CRP's stockholders may be reduced. In the event CRP borrows to make distributions, it is possible that CRP could make distributions in excess of CRP's earnings and profits and, accordingly, that the distributions could constitute a return of capital for federal income tax purposes, although such distributions would not reduce stockholders' aggregate invested capital.

***Tax Risks***

**CRP will be subject to increased taxation if CRP fails to qualify as a REIT for federal income tax purposes.**

CRP believes that it has been organized, has operated and will continue to operate in a manner that will enable CRP to meet the requirements for qualification and to remain qualified as a REIT for federal income tax purposes through the closing of the merger. A REIT generally is not taxed at the federal corporate level on the income it distributes to its stockholders. CRP has not requested, and does not plan to request, a ruling from the Internal Revenue Service that CRP qualifies as a REIT.

If CRP fails to qualify as a REIT, CRP would be subject to federal income tax at regular corporate rates. In addition to these taxes, CRP may be subject to the federal alternative minimum tax. Unless CRP is entitled to relief under specific statutory provisions, CRP could not elect to be taxed as a REIT for four taxable years following the year during which CRP were disqualified. Therefore, if CRP loses its REIT status, the funds available for distribution to you, as a stockholder, would be reduced substantially for each of the years involved.

**Excessive non-real estate asset values may jeopardize CRP's REIT status.**

In order to qualify as a REIT, at least 75% of the value of CRP's assets must consist of investments in real estate, investments in other REITs, cash and cash equivalents, and government securities. CRP's secured equipment leases, if any, would not be considered real estate assets for federal income tax purposes. Therefore, the value of the secured equipment leases, together with any other property that is not considered a real estate asset for federal income tax purposes, must represent in the aggregate less than 25% of CRP's total assets.

In addition, under federal income tax law, CRP generally may not own securities in, or make secured equipment loans to any one company (other than a REIT, a qualified REIT subsidiary or a taxable REIT subsidiary) which represent in excess of 10% of the voting securities or 10% of the value of the securities of any one company, or which have, in the aggregate, a value in excess of 5% of CRP's total assets, and CRP may not own securities of one or more taxable REIT subsidiaries which have, in the aggregate, a value in excess of 20% of CRP's total assets. For federal income tax purposes, the secured equipment leases would be considered loans which are not secured by an interest in real property. The value of the secured equipment leases entered into with any particular tenant under a lease or entered into with any particular borrower under a loan must not represent in excess of 5% of CRP's total assets and, except with respect to secured equipment leases which meet the requirements

of the "straight debt" safe harbor under the Code, must not represent in excess of 10% of the value of the tenant's total securities. Each of the secured equipment leases will be structured as Straight Debt.

The 25%, 20%, 10% and 5% tests are determined at the end of each calendar quarter. If CRP fails to meet any such test at the end of any calendar quarter, and such failure is not remedied within 30 days after the close of such quarter, CRP will cease to qualify as a REIT, unless certain relief provisions are available to CRP.

**CRP may have to borrow funds or sell assets to meet its distribution requirements.**

Subject to some adjustments that are unique to REITs, a REIT generally must distribute 90% of its taxable income. For the purpose of determining taxable income, CRP may be required to accrue interest, rent and other items treated as earned for tax purposes but that CRP has not yet received. In addition, CRP may be required not to accrue as expenses for tax purposes some items which actually have been paid or some of CRP's deductions might be disallowed by the Internal Revenue Service. As a result, CRP could have taxable income in excess of cash available for distribution. If this occurs, CRP may have to borrow funds or liquidate some of CRP's assets in order to meet the distribution requirement applicable to a REIT. If CRP cannot do so, CRP may lose its REIT status.

**Ownership limits may discourage a change in control.**

For the purpose of protecting CRP's REIT status, CRP's charter generally limits the ownership by any single stockholder of any class of CRP's capital stock, including common stock, to 9.8% of the outstanding shares of that class. CRP's charter also prohibits anyone from buying shares if the purchase would result in CRP losing its REIT status. For example, CRP would lose its REIT status if CRP had fewer than 100 different stockholders or if five or fewer stockholders, applying certain broad attribution rules of the Internal Revenue Code of 1986, owned 50% or more of CRP's common stock. These restrictions may discourage a change in control, deter any attractive tender offers for CRP's common stock or limit the opportunity for you or other stockholders to receive a premium for your common stock in the event a stockholder is making purchases of shares of common stock in order to acquire a block of shares.

**CRP may be subject to other tax liabilities.**

Even if CRP qualifies as a REIT, CRP may be subject to some federal, state and local taxes on CRP's income and property that could reduce operating cash flow.

**Changes in tax laws may prevent CRP from qualifying as a REIT.**

As CRP has previously described, CRP is treated as a REIT for federal income tax purposes. However, this treatment is based on the tax laws that are currently in effect. CRP is unable to predict any future changes in the tax laws that would adversely affect CRP's status as a REIT. If there is a change in the tax laws that prevents CRP from qualifying as a REIT or that requires REITs generally to pay corporate level income taxes, CRP may not be able to make the same level of distributions to CRP's stockholders.

**INFORMATION REGARDING FORWARD-LOOKING STATEMENTS**

Statements in this proxy statement/prospectus, including statements included or incorporated by reference in this proxy statement/prospectus, that are not historical factual statements are "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements include, among other things, statements regarding intent, belief or expectations 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 thereof. In addition, each of HCP and CRP, through members of its respective senior management, from time to time make forward-looking oral and written public statements concerning its respective expected future operations and other developments. Readers are cautioned that forward-looking statements 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 or implied by the forward-looking statements as a result of various factors. In addition to the factors set forth under "Risk Factors" in this proxy statement/prospectus or included in HCP's Annual Report on Form 10-K for the year ended December 31, 2005 and incorporated herein by reference, readers should consider the following:

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, CRP's and HCP's respective tenants and borrowers;

changes in the reimbursement available to CRP's and HCP's respective tenants and borrowers by governmental or private payors, including changes in Medicare and Medicaid payment levels and the availability and cost of third-party insurance coverage;

competition for tenants and borrowers, including with respect to new leases and mortgages and the renewal or rollover of existing leases;

availability of suitable healthcare facilities to acquire at favorable prices and the competition for such acquisition and financing of healthcare facilities;

the ability of CRP's and HCP's respective tenants and borrowers to operate CRP's and HCP's respective properties in a manner sufficient to maintain or increase revenues and to generate sufficient income to make rent and loan payments;

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;

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

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;

HCP's ability to obtain financing necessary to consummate the acquisition or on favorable terms;

the risk that CRP or HCP will not be able to sell or lease facilities that are currently vacant;

the financial, legal and regulatory difficulties of CRP's and HCP's respective significant operators;

the potential impact of existing and future litigation matters;

each of CRP and HCP being able to successfully maintain its qualification as a REIT; and

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the various other factors identified and discussed in public filings with the SEC made by CRP and HCP.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this proxy statement/prospectus or the date of any document incorporated by reference or included in this proxy statement/prospectus. All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this proxy statement/prospectus and attributable to CRP or HCP or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, CRP and HCP undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this proxy statement/prospectus or to reflect the occurrence of unanticipated events.

### THE SPECIAL MEETING OF CRP STOCKHOLDERS

CRP is furnishing this proxy statement/prospectus to its stockholders as part of the solicitation of proxies by CRP's board of directors in connection with the special meeting.

#### Date, Time and Place

CRP will hold the special meeting on \_\_\_\_\_, 2006, at \_\_\_\_\_:00 a.m., local time, at CNL Center II at City Commons, 420 South Orange Avenue, Suite 500, Orlando, Florida 32801, subject to any adjournments or postponements.

#### Purpose of the Special Meeting

The purpose of the special meeting is to:

consider and vote on a proposal to approve the merger;

consider and vote on a proposal to approve adjournments or postponements of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the time of the special meeting to approve the merger; and

transact any other business that may properly come before the special meeting or any adjournments or postponements of the special meeting.

#### Record Date; Stockholders Entitled to Vote; Quorum

Only stockholders of record as of the close of business on \_\_\_\_\_, 2006, the record date for the special meeting, are entitled to vote at the special meeting. On the record date, there were \_\_\_\_\_ shares of CRP common stock outstanding and entitled to vote at the special meeting, held by approximately \_\_\_\_\_ holders of record. CRP's stockholders on the record date are entitled to one vote per share on any proposal at the special meeting.

A quorum is necessary to hold the special meeting. A quorum will be present if holders of 50% of the outstanding shares of CRP's common stock on the record date are present at the special meeting, either in person or by proxy. Once a share is represented at the special meeting, it will be counted for the purpose of determining a quorum at the special meeting and any postponement or adjournment of the special meeting. However, if a new record date is set for the adjourned special meeting, then a new quorum will have to be established.

Votes cast by proxy or in person at the special meeting will be tabulated by the inspector of election appointed for the special meeting, who will determine whether or not a quorum is present. In deciding whether a quorum is present, abstentions will be treated as shares that are represented and entitled to vote at the special meeting.

#### Required Vote

The affirmative vote of holders of a majority of the outstanding shares of CRP's common stock entitled to vote at the special meeting is required to approve the merger. If stockholders fail to approve the merger, the merger will not occur. Because the vote is based on the number of shares outstanding rather than the number of votes cast, an abstention or a failure to vote your shares in person or by proxy will have the same effect as voting against the approval of the merger.

When considering the recommendation of CRP's board of directors and the special committee that you vote in favor of the approval of the merger, you should be aware that some of CRP's directors and executive officers may have interests in the merger that may be different from, or in addition to, the interests of CRP's stockholders. See "The Merger-Interests of CRP's Directors and Executive Officers

in the Merger" beginning on page 68. As of the record date, CRP's directors and executive officers and their respective affiliates in the aggregate beneficially owned and were entitled to vote \_\_\_\_\_ shares of CRP's common stock, or less than 1% of the outstanding shares of CRP's common stock entitled to vote at the special meeting.

**Recommendation of the Speci**