HEALTH CARE PROPERTY INVESTORS INC
Form 424B2
November 30, 2006

Filed Pursuant to Rule 424(b)(2)

Registration Statement No. 333-137225

A filing fee of $42,800, calculated in accordance with Rule 457(r), has been previously transmitted to the SEC in connection with the securities offered pursuant to the registration statement (File No. 333-137225) by means of this prospectus supplement.

Prospectus Supplement
(To Prospectus dated September 8, 2006)

$400,000,000

Health Care Property Investors, Inc.

5.65% Senior Notes Due 2013

The notes will mature on December 15, 2013. HCP will pay interest on the notes on June 15 and December 15 of each year, beginning June 15, 2007.

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

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

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

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

	Per Note	Total
Public offering price(1)	99.768%	$ 399,072,000
Underwriting discount	0.625%	$ 2,500,000

Proceeds (before expenses) to HCP(1)	99.143%	$	396,572,000

(1) Plus accrued interest, if any, from December 4, 2006, if settlement occurs after that date.

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

We expect that delivery of the notes will be made to investors through the book-entry delivery system of The Depository Trust Company on or about December 4, 2006.

Sole Book-Running Manager

UBS Investment Bank

Co-Managers

Barclays Capital **JPMorgan**

November 29, 2006

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

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

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ABOUT THIS PROSPECTUS SUPPLEMENT

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

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

INCORPORATION BY REFERENCE

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

- our Current Reports on Form 8-K filed on February 9, 2006, February 17, 2006, February 21, 2006, May 2, 2006 (pursuant to Items 8.01 and 9.01), May 4, 2006, May 17, 2006, June 30, 2006, August 2, 2006, August 4, 2006 and August 17, 2006, the two Current Reports on Form 8-K filed on September 8, 2006 and the Current Reports on Form 8-K filed on September 19, 2006, September 25, 2006, October 12, 2006 and November 9, 2006;

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

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

- any future filings we make with the SEC under Sections 13(a), l3(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities offered by this prospectus supplement.

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

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

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SUMMARY

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

Our Company

We invest primarily in real estate serving the healthcare industry in the United States. We are a Maryland corporation and were organized to qualify as a real estate investment trust, or REIT, in 1985. We are headquartered in Long Beach, California, with operations in Nashville, Tennessee and Orlando, Florida. As of September 30, 2006, our portfolio of properties, excluding assets held for sale but including investments through joint ventures and mortgage loans, included 521 properties in 42 states and consisted of 144 senior housing facilities, 178 medical office buildings, 30 hospitals, 144 skilled nursing facilities and 25 other healthcare facilities. We acquire healthcare facilities and lease them to healthcare providers and provide mortgage financing secured by healthcare facilities. Our portfolio includes:

- senior housing, including independent living facilities, assisted living facilities, and continuing care retirement communities;
- medical office buildings;
- hospitals;
- skilled nursing facilities; and
- other healthcare facilities, including laboratory and office buildings.

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

Healthcare Industry

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

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

- Likelihood of consolidation of the fragmented healthcare real estate sector;
- Specialized nature of healthcare real estate investing; and
- Compelling demographics driving the demand for healthcare services.

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

Recent Developments

On October 5, 2006, HCP acquired CNL Retirement Properties, Inc., or CRP. CRP was a REIT that was one of the nation s largest investors in healthcare-related real estate, investing primarily in properties related to senior housing and healthcare facilities located across the United States. As of September 30, 2006, CRP had 273 properties located in 33 states, consisting of 184 senior housing facilities and 89 medical facilities, including two specialty hospitals and two walk-in clinics. HCP believes that the transaction diversified its portfolio by property type, geographic location and operator, and that it diversified its source of revenues across the healthcare industry. HCP also believes that its shift in asset mix improved the quality of HCP s real estate portfolio by increasing, among other things, its exposure to private-pay senior housing.

As of September 30, 2006, HCP s portfolio of healthcare real estate was comprised of approximately 28% medical office buildings, 34% senior housing facilities, 19% hospitals, and 14% skilled nursing facilities, with the remaining 5% comprised of other types of buildings, based on HCP s historical cost of real estate investments and the carrying amount of investments in unconsolidated joint ventures. As of September 30, 2006 on a pro forma basis, assuming that the acquisition of CRP had occurred as of that date, HCP s portfolio of healthcare real estate would have comprised approximately 23% medical office buildings, 59% senior housing facilities, 9% hospitals, and 6% skilled nursing facilities, with the remaining 3% consisting of other types of buildings, based on HCP s historical cost of real estate investments and the carrying amount of investments in unconsolidated joint ventures and as adjusted for the preliminary allocation of the purchase price for CRP.

In the acquisition, HCP paid an aggregate of $2.9 billion in cash and issued 22.9 million shares of common stock. HCP also acquired CNL Retirement Corp., the external advisor to CRP, or the Advisor, for an aggregate of 4.4 million shares of common stock. HCP financed the cash consideration paid to CRP stockholders and the expenses related to the transaction through an offering of notes and a draw down under new term and bridge loan facilities and a new three-year revolving credit facility. These facilities require refinancing within a period of time ranging from 364 days to three years and the new term and bridge loan facilities are required to be repaid from the cash proceeds of non-ordinary course asset sales, the incurrence of certain debt, the issuance of additional equity and certain other events. Certain of HCP s subsidiaries, including certain of CRP s subsidiaries, guarantee HCP s obligations under these new facilities. The interest rates on borrowings under these facilities vary depending on HCP s credit ratings.

On October 10, 2006, the Company entered into a definitive agreement to sell 78 skilled nursing facilities. The transaction is expected to close during the fourth quarter of 2006 and is subject to certain customary closing conditions.

On October 24, 2006, we entered into a definitive agreement to acquire the interest held by an affiliate of General Electric Company in HCP Medical Office Portfolio, LLC for $141 million. The closing of the transaction is subject to certain customary conditions. Upon the closing of this acquisition, which we expect to occur on or before November 30, 2006, we will be the sole owner of the venture and its fifty-nine medical office buildings with approximately 4 million rentable square feet.

On October 27, 2006, the Company entered into a joint venture agreement with an institutional partner. Pursuant to the agreement, this partner acquired a majority equity interest in a portfolio consisting of 13 medical office buildings located in five states. HCP will act as the managing member and has received a one-time acquisition fee and will receive ongoing asset management fees.

On November 10, 2006, the Company issued 33,522,500 shares of its common stock. The Company received net proceeds of approximately $960 million, which were used to repay indebtedness under our 364-day bridge loan facility, our term loan facility and our revolving credit facility.

The Offering

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

Issuer	Health Care Property Investors, Inc.
Securities Offered	$400,000,000 aggregate principal amount of 5.65% Senior Notes due December 15, 2013.
Issue Price	99.768% plus accrued interest, if any, from December 4, 2006.
Interest Payment Dates	Interest on the notes is payable semi-annually on June 15 and December 15 of each year, commencing June 15, 2007.
Optional Redemption	At any time, we may redeem all or part of the notes under a make-whole redemption provision. See Description of the Notes Optional Redemption.
Offer to Repurchase	If we experience a Change of Control and the notes are rated below Investment Grade by Standard & Poor s Ratings Services and Moody s Investors Service, Inc. as a result, we will offer to repurchase all of the notes at a price equal to 101% of the principal amount plus accrued and unpaid interest to the repurchase date. See Description of the Notes Offer to Repurchase Upon a Change of Control Repurchase Event for further information about the offer to repurchase and for definitions of Change of Control and Investment Grade.
Covenants	The indenture governing the notes contains certain covenants. Under specified circumstances, the indenture governing the notes restricts our ability to incur additional indebtedness. See Description of the Debt Securities We May Offer Covenants in the accompanying prospectus.
Ranking	The notes will be senior unsecured obligations of HCP, ranking equally in right of payment with other senior unsecured indebtedness of HCP from time to time outstanding.
Form and Denomination	We will issue the notes in fully registered form in denominations of $1,000 and integral multiples of $1,000 in excess thereof. The notes will be represented by permanent global securities registered in the name of a nominee of The Depository Trust Company, or DTC. You will hold beneficial interests in the notes through DTC, and DTC and its direct and indirect participants will record your beneficial interest on their books. Except under limited circumstances, we will not issue certificated notes.

Use of Proceeds	The net proceeds, after estimated expenses, to HCP from the sale of the notes offered hereby will be approximately $396.3 million, which we will use to repay indebtedness under our term loan facility. See Use of Proceeds.
Trustee, Registrar and Paying Agent	The Bank of New York

You should carefully consider the information set forth under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2005, in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, in this prospectus supplement beginning at page S-8 and in the accompanying prospectus beginning on page 4 before deciding to invest in the notes.

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

SUMMARY CONSOLIDATED FINANCIAL DATA

The following table sets forth our summary consolidated financial data. You should read this information together with our financial statements, including the related notes, included in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 from which such information has been derived. Our unaudited summary consolidated financial data as of September 30, 2006 and for the three and nine months ended September 30, 2005 and 2006 has been prepared on the same basis as our annual consolidated financial statements and includes all adjustments, consisting of only normal recurring adjustments necessary for the fair presentation of this data in all material respects. The results for any interim period are not necessarily indicative of the results of operations to be expected for a full fiscal year. The following data is presented on a historical basis and does not include the financial data of CRP and the Advisor, which we acquired on October 5, 2006.

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2006	**2005**	**2006**	**2005**
	(in thousands, except per share data)			
Statement of Income Data:				
Revenues and other income:				
Rental revenues and other income	$ 130,952	$ 111,948	$ 376,499	$ 316,796
Equity income (loss) from unconsolidated joint ventures	1,044	(531)	7,580	(232)
Interest and other income	7,601	7,807	29,709	18,998
	139,597	119,224	413,788	335,562
Costs and expenses:				
Interest	36,968	28,262	102,701	76,872
Depreciation and amortization	32,237	26,690	93,683	75,697
Operating	20,105	13,373	56,786	42,062
General and administrative	8,280	7,301	25,218	22,413
Impairments			3,087	
	97,5			