

HEALTH CARE PROPERTY INVESTORS INC  
Form 424B5  
October 30, 2006

Filed Pursuant to Rule 424(b)(5)  
Reg. Statement No. 333-137225

**SUBJECT TO COMPLETION DATED OCTOBER 30, 2006**

**The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not offers to sell these securities, and we are not soliciting offers to buy these securities in any state or jurisdiction where the offer or sale is not permitted.**

**Prospectus Supplement  
(To Prospectus dated September 8, 2006)**

**22,000,000 Shares**

**Health Care Property Investors, Inc.**

**Common Stock**

We are offering 22,000,000 shares of our common stock to the public. Our common stock is traded on the New York Stock Exchange under the symbol HCP. The last reported sale price of our common stock on the New York Stock Exchange on October 26, 2006 was \$31.74 per share.

*Investing in our common stock involves risk. See Risk Factors beginning on page S-7 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 these securities or determined that this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

	<b>Per Share</b>	<b>Total</b>
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds (before expenses) to HCP	\$	\$

The underwriters have a 30-day option to purchase up to 3,300,000 additional shares of common stock from us on the same terms and conditions set forth above. The option may be exercised solely to cover over-allotments, if any.

**Goldman, Sachs & Co.**

**Merrill Lynch & Co.**

**Banc of America Securities LLC**

**UBS Investment Bank**

**Citigroup**

**JPMorgan**

**Wachovia Securities**

**Cohen & Steers**

November , 2006

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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.

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**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 filed on September 19, 2006, September 25, 2006 and October 12, 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;
- the description of our common stock contained in our registration statement on Form 10 dated May 7, 1985 (File No. 1-8895), including the amendments dated May 20, 1985 and May 23, 1985, and any other amendment or report filed for the purpose of updating such description, including the description of amendments to our charter contained in our Quarterly Reports on Form 10-Q for the quarters ended June 30, 2001 and June 30, 2004; and
- any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities offered by this prospectus supplement.

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

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

## SUMMARY

*The information below is a summary of the more detailed information included elsewhere in or incorporated by reference in this prospectus supplement. You should read carefully the following summary together with the more detailed information contained in this prospectus supplement, including the Risk Factors section beginning on page S-7, 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 common stock.*

### 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. 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. Following the acquisition, HCP currently owns approximately 800 properties. 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 been comprised of approximately 23% medical office buildings, 59% senior housing facilities, 9% hospitals, and 6% skilled nursing facilities, with the remaining 3% 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 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 24, 2006, we entered into a definitive agreement to acquire the interest of 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.

**The Offering**

<b>Common Stock offered by Health Care Property Investors, Inc.</b>	22,000,000 shares
Common Stock outstanding after this offering(1)	186,808,806 shares
Over-allotment option	3,300,000 shares
Common Stock outstanding after this offering if over-allotment option is exercised in full	190,108,806 shares
Offering Price	\$ per share
Use of Proceeds	We intend to use the proceeds from this offering to repay indebtedness under our bridge loan facility incurred in connection with the acquisition of CRP. If the net proceeds exceed the amount of borrowings under the bridge loan facility, remaining net proceeds will be used to repay other debt and for other general corporate purposes. See Use of Proceeds.
New York Stock Exchange symbol	HCP

(1) Based on shares of our common stock outstanding as of October 23, 2006. Does not include:

- 4.4 million shares of common stock issuable upon the exercise of outstanding options;
- 8.3 million additional shares reserved for future awards under stock incentive plans;
- up to 3.3 million shares issuable upon exercise of the underwriters' over-allotment option; and
- 6.0 million shares of common stock issuable in exchange for non-managing member units of affiliated entities.

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**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. The summary consolidated balance sheet data as of December 31, 2005 has been derived from our Annual Report on Form 10-K for the year ended December 31, 2005. 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.

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>(in thousands, except per share data)</b>				
<b>Statements of Income Data:</b>				
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	
	97,590	75,626	281,475	218,044
Income before minority interests				