

HCP, INC.  
Form 10-Q  
August 04, 2009  
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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(Mark One)

**x** **QUARTERLY REPORT PURSUANT TO SECTION 13 OR  
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

**For the quarterly period ended June 30, 2009.**

**OR**

**o** **TRANSITION REPORT PURSUANT TO SECTION 13 OR  
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from                      to**

**Commission file number 1-08895**

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**HCP, INC.**

(Exact name of registrant as specified in its charter)

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**Maryland**  
(State or other jurisdiction of  
incorporation or organization)

**33-0091377**  
(I.R.S. Employer  
Identification No.)

**3760 Kilroy Airport Way, Suite 300**  
**Long Beach, CA 90806**  
(Address of principal executive offices)

**(562) 733-5100**  
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒

Accelerated Filer ☐

Non-accelerated Filer ☐  
(Do not check if a smaller reporting company)

Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) YES ☐ NO ☒

As of July 30, 2009, there were 275,273,367 shares of the registrant's \$1.00 par value common stock outstanding.



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	<b>June 30, 2009 (Unaudited)</b>	<b>December 31, 2008</b>
<b>ASSETS</b>		
Real estate:		
Buildings and improvements	\$ 7,796,873	\$ 7,752,714
Development costs and construction in progress	255,565	224,337
Land	1,550,490	1,550,219
Accumulated depreciation and amortization	(940,544)	(820,441)
Net real estate	8,662,384	8,706,829
Net investment in direct financing leases	648,864	648,234
Loans receivable, net	1,078,418	1,076,392
Investments in and advances to unconsolidated joint ventures	264,346	272,929
Accounts receivable, net of allowance of \$17,929 and \$18,413, respectively	29,535	34,211
Cash and cash equivalents	49,484	57,562
Restricted cash	32,351	35,078
Intangible assets, net	433,874	505,986
Real estate held for sale, net		19,799
Other assets, net	586,594	492,806
Total assets	\$ 11,785,850	\$ 11,849,826
<b>LIABILITIES AND EQUITY</b>		
Bank line of credit	\$ 100,000	\$ 150,000
Term loan	200,000	200,000
Bridge loan		320,000
Senior unsecured notes	3,518,147	3,523,513
Mortgage debt	1,592,712	1,641,734
Other debt	98,984	102,209
Intangible liabilities, net	215,571	232,654
Accounts payable and accrued liabilities	197,295	211,691
Deferred revenue	71,716	60,185
Total liabilities	5,994,425	6,441,986
Commitments and contingencies		
Preferred stock, \$1.00 par value: 50,000,000 shares authorized; 11,820,000 shares issued and outstanding, liquidation preference of \$25 per share	285,173	285,173
Common stock, \$1.00 par value: 750,000,000 shares authorized; 275,253,104 and 253,601,454 shares issued and outstanding, respectively	275,253	253,601
Additional paid-in capital	5,298,213	4,873,727
Cumulative dividends in excess of earnings	(228,424)	(130,068)
Accumulated other comprehensive loss	(18,819)	(81,162)
Total stockholders' equity	5,611,396	5,201,271
Joint venture partners	8,278	12,912
Non-managing member unitholders	171,751	193,657
Total noncontrolling interests	180,029	206,569
Total equity	5,791,425	5,407,840
Total liabilities and equity	\$ 11,785,850	\$ 11,849,826

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See accompanying Notes to Condensed Consolidated Financial Statements.

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## HCP, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
<b>Revenues:</b>				
Rental and related revenues	\$ 231,728	\$ 213,021	\$ 445,316	\$ 419,926
Tenant recoveries	21,035	20,168	44,699	41,616
Income from direct financing leases	13,204	14,129	26,129	29,103
Investment management fee income	1,369	1,457	2,807	2,924
Total revenues	267,336	248,775	518,951	493,569
<b>Costs and expenses:</b>				
Depreciation and amortization	79,606	77,861	160,143	155,493
Operating	45,205	46,452	92,881	94,673
General and administrative	20,932	18,732	39,923	39,177
Impairments	5,906	1,574	5,906	1,574
Total costs and expenses	151,649	144,619	298,853	290,917
<b>Other income (expense):</b>				
Interest and other income, net	28,732	30,739	53,065	66,061
Interest expense	(75,340)	(85,446)	(152,014)	(181,709)
Total other income (expense)	(46,608)	(54,707)	(98,949)	(115,648)
<b>Income before income taxes and equity income from unconsolidated joint ventures</b>				
Income taxes	(841)	(1,274)	(1,756)	(3,517)
Equity income from unconsolidated joint ventures	1,127	1,221	665	2,509
<b>Income from continuing operations</b>	<b>69,365</b>	<b>49,396</b>	<b>120,058</b>	<b>85,996</b>
<b>Discontinued operations:</b>				
Income before gain on sales of real estate, net of income taxes	1,273	6,320	1,932	15,710
Impairments		(8,141)		(8,141)
Gain on sales of real estate, net of income taxes	30,540	190,505	31,897	200,643
Total discontinued operations	31,813	188,684	33,829	208,212
<b>Net income</b>	<b>101,178</b>	<b>238,080</b>	<b>153,887</b>	<b>294,208</b>
Noncontrolling interests and participating securities share in earnings	(4,111)	(6,907)	(8,252)	(12,913)
Preferred stock dividends	(5,283)	(5,283)	(10,566)	(10,566)
<b>Net income applicable to common shares</b>	<b>\$ 91,784</b>	<b>\$ 225,890</b>	<b>\$ 135,069</b>	<b>\$ 270,729</b>
<b>Basic earnings per common share:</b>				
Continuing operations	\$ 0.23	\$ 0.16	\$ 0.39	\$ 0.28
Discontinued operations	0.12	0.80	0.13	0.92
<b>Net income applicable to common shares</b>	<b>\$ 0.35</b>	<b>\$ 0.96</b>	<b>\$ 0.52</b>	<b>\$ 1.20</b>



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<b>Diluted earnings per common share:</b>					
Continuing operations	\$	0.23	\$	0.16	\$ 0.39
Discontinued operations		0.12		0.80	0.13
Net income applicable to common shares	\$	0.35	\$	0.96	\$ 0.52
<b>Weighted average shares used to calculate earnings per common share:</b>					
Basic		265,422		235,117	259,412
Diluted		265,542		236,099	259,516
<b>Dividends declared per common share</b>	\$	0.460			