



FOR IMMEDIATE RELEASE

HCP ANNOUNCES RESULTS FOR QUARTER ENDED MARCH 31, 2013

HIGHLIGHTS

- FFO per share increased 16% to \$0.74; FFO as adjusted per share increased 10% to \$0.74; FAD per share increased 15% to \$0.62; and earnings per share increased 19% to \$0.51
- Raised 2013 full-year guidance as follows: FFO to a range of \$2.94 to \$3.00 per share; FAD to a range of \$2.41 to \$2.47 per share; earnings per share to a range of \$1.97 to \$2.03 per share
- Achieved year-over-year three-month cash NOI SPP growth of 1.1%, or 2.9% excluding one-time items, comprised primarily of a rent payment from Google in the prior year quarter
- Maintained 2013 full-year cash NOI SPP guidance of 2.5% to 3.5%
- Completed \$96 million of investment transactions
- Earned nine ENERGY STAR labels in our medical office segment, bringing our total to 102 labels

LONG BEACH, CA, April 30, 2013 – HCP (the “Company” or “we”) (NYSE:HCP) announced results for the quarter ended March 31, 2013 as follows (in thousands, except per share amounts):

	Three Months Ended March 31, 2013		Three Months Ended March 31, 2012		Per Share Change
	Amount	Per Share	Amount	Per Share	
FFO	\$ 339,529	\$ 0.74	\$ 264,806	\$ 0.64	\$ 0.10
Preferred stock redemption charge ⁽¹⁾	—	—	10,432	0.03	(0.03)
FFO as adjusted	\$ 339,529	\$ 0.74	\$ 275,238	\$ 0.67	\$ 0.07
FAD	\$ 283,382	\$ 0.62	\$ 224,323	\$ 0.54	\$ 0.08
Net income applicable to common shares	\$ 230,107	\$ 0.51	\$ 175,257	\$ 0.43	\$ 0.08

(1) In connection with the redemption of our preferred stock, we incurred a one-time, non-cash redemption charge of \$10.4 million related to the original issuance costs of the preferred stock.

Operating results for the quarter ended March 31, 2013 include the positive impact of \$0.02 per share related to gain on sales of marketable securities. Net income for the quarter ended March 31, 2012 includes gain on sales of real estate of \$0.01 per share.

FFO, FFO as adjusted and FAD are supplemental non-GAAP financial measures that we believe are useful in evaluating the operating performance of real estate investment trusts. See the “Funds From Operations” section of this release for additional information regarding FFO and FFO as adjusted and the “Funds Available for Distribution” section of this release for additional information regarding FAD.

INVESTMENT TRANSACTIONS

During the quarter, we made investments of \$96 million as follows: (i) \$38 million to purchase the four remaining senior housing facilities from our previously announced Blackstone JV acquisition; and (ii) \$58 million to fund development and other capital projects, primarily in our life science, medical office and senior housing segments.

During the quarter, we placed into service a 70,000 square foot building located in Mountain View, California that is 100% leased to LinkedIn.

SUSTAINABILITY

During the quarter, we (i) earned nine ENERGY STAR awards in our medical office segment as a result of our energy conservation programs; (ii) were re-affirmed as a member of the FTSE4Good Sustainability Index, which measures the performance of companies that meet globally recognized corporate responsibility standards; and (iii) were awarded the "Best Site" designation by Best Workplaces for Commuters by offering outstanding commuter benefits for a life science campus in South San Francisco. As of March 31, 2013, our medical office, life science and senior housing segments have been awarded 102 ENERGY STAR labels. More information about HCP's sustainability efforts can be found on our website at www.hcpi.com/sustainability.html.

TRIPLE-NET LEASED PORTFOLIO DISCLOSURE

At March 31, 2013, \$17.4 billion of our properties are under triple-net leases, representing 85% of our owned portfolio. Our senior housing, post-acute and hospital tenants operate \$13.2 billion of these properties under triple-net leases with a 12-year average remaining term; of this amount, (i) \$12.4 billion are master leased; and (ii) \$10.9 billion are further supported by corporate guarantees. An expanded disclosure by individual master leases highlighting key credit attributes is presented on page eight of our supplemental information package, which is labeled "Triple-Net Master Lease Profile".

DIVIDEND

On April 25, 2013, our Board of Directors declared a quarterly cash dividend of \$0.525 per common share. The dividend will be paid on May 21, 2013 to stockholders of record as of the close of business on May 6, 2013.

OUTLOOK

We are raising our guidance for the full-year 2013; we expect: FFO applicable to common shares to range between \$2.94 and \$3.00 per share; FAD applicable to common shares to range between \$2.41 and \$2.47 per share; and net income applicable to common shares to range between \$1.97 and \$2.03 per share. These estimates do not reflect the potential impact of future acquisitions or dispositions. See the "Projected Future Operations" section of this release for additional information regarding these estimates.

COMPANY INFORMATION

HCP has scheduled a conference call and webcast for Tuesday, April 30, 2013 at 9:00 a.m. Pacific Time (12:00 p.m. Eastern Time) in order to present the Company's performance and operating results for the quarter ended March 31, 2013. The conference call is accessible by dialing (877) 724-7556 (U.S.) or (706) 645-4695 (International). The participant passcode is 27390843. The webcast is accessible via the Company's website at www.hcpi.com. This link can be found on the "Event Calendar" page, which is under the "Investor Relations" tab. Through May 14, 2013, an archive of the webcast will be available on our website and a telephonic replay can be accessed by calling (855) 859-2056 (U.S.) or (404) 537-3406 (International) and entering passcode 27390843. The Company's supplemental information package for the current period will also be available on the Company's website in the "Presentations" section of the "Investor Relations" tab.

ABOUT HCP

HCP, Inc. is a fully integrated real estate investment trust (REIT) that invests primarily in real estate serving the healthcare industry in the United States. The Company's portfolio of assets is diversified among five distinct sectors: senior housing, post-acute/skilled nursing, life science, medical office and hospital. A publicly traded company since 1985, HCP: (i) was the first healthcare REIT selected to the S&P 500 index; (ii) has increased its dividend per share for 28 consecutive years; and (iii) is the only REIT included in the S&P 500 Dividend Aristocrats index. For more information regarding HCP, visit the Company's website at www.hcpi.com.

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FORWARD-LOOKING STATEMENTS

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995: The statements contained in this release which are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include among other things, net income applicable to common shares on a diluted basis, FFO applicable to common shares on a diluted basis and FAD applicable to common shares on a diluted basis for the full year of 2013. These statements are made as of the date hereof, are not guarantees of future performance and are subject to known and unknown risks, uncertainties, assumptions and other factors—many of which are out of the Company and its management’s control and difficult to forecast—that could cause actual results to differ materially from those set forth in or implied by such forward-looking statements. These risks and uncertainties include but are not limited to: changes in global, national and local economic conditions; volatility in the capital markets, including changes in interest rates and the availability and cost of capital, which changes and volatility affect opportunities for profitable investments; the Company’s ability to access external sources of capital when desired and on reasonable terms; the Company’s ability to manage its indebtedness levels; changes in the terms of the Company’s indebtedness; the Company’s ability to maintain its credit ratings; the potential impact of existing and future litigation matters, including the possibility of larger than expected litigation costs and related developments; the Company’s ability to successfully integrate the operations of acquired companies; risks associated with the Company’s investments in joint ventures and unconsolidated entities, including its lack of sole decision-making authority and its reliance on its joint venture partners’ financial condition and continued cooperation; competition for lessees and mortgagors (including new leases and mortgages and the renewal or rollover of existing leases); the Company’s ability to reposition its properties on the same or better terms if existing leases are not renewed or the Company exercises its right to replace an existing operator or tenant upon default; continuing reimbursement uncertainty in the post-acute/skilled nursing segment; competition in the senior housing segment specifically and in the healthcare industry in general; the ability of the Company’s operators and tenants from its senior housing segment to maintain or increase their occupancy levels and revenues; the ability of the Company’s lessees and mortgagors to maintain the financial strength and liquidity necessary to satisfy their respective obligations to the Company and other third parties; the bankruptcy, insolvency or financial deterioration of the Company’s operators, lessees, borrowers or other obligors; changes in healthcare laws and regulations, including the impact of future or pending healthcare reform, and other changes in the healthcare industry which affect the operations of the Company’s lessees or obligors, including changes in the federal budget resulting in the reduction or nonpayment of Medicare or Medicaid reimbursement rates; the Company’s ability to recruit and retain key management personnel; costs of compliance with regulations and environmental laws affecting the Company’s properties; changes in tax laws and regulations; changes in the financial position or business strategies of HCR ManorCare; the Company’s ability and willingness to maintain its qualification as a REIT due to economic, market, legal, tax or other considerations; changes in rules governing financial reporting, including new accounting pronouncements; and other risks described from time to time in the Company’s Securities and Exchange Commission filings. The Company assumes no, and hereby disclaims any, obligation to update any of the foregoing or any other forward-looking statements as a result of new information or new or future developments, except as otherwise required by law.

CONTACT

Timothy M. Schoen
Executive Vice President and Chief Financial Officer
562-733-5309

HCP, Inc.

Consolidated Balance Sheets

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

	March 31, 2013	December 31, 2012
	<u> </u>	<u> </u>
Assets		
Real estate:		
Buildings and improvements	\$ 10,623,382	\$ 10,537,484
Development costs and construction in progress	223,534	236,864
Land	1,853,392	1,850,397
Accumulated depreciation and amortization	<u>(1,822,628)</u>	<u>(1,739,718)</u>
Net real estate	10,877,680	10,885,027
Net investment in direct financing leases	6,921,421	6,881,393
Loans receivable, net	291,870	276,030
Investments in and advances to unconsolidated joint ventures	209,810	212,213
Accounts receivable, net of allowance of \$1,632 and \$1,668, respectively	32,183	34,150
Cash and cash equivalents	47,547	247,673
Restricted cash	37,675	37,848
Intangible assets, net	537,692	552,701
Other assets, net	<u>776,853</u>	<u>788,520</u>
 Total assets	 <u>\$ 19,732,731</u>	 <u>\$ 19,915,555</u>
 Liabilities and equity		
Bank line of credit	\$ 14,000	\$ —
Term loan	208,213	222,694
Senior unsecured notes	6,563,749	6,712,624
Mortgage debt	1,680,792	1,676,544
Other debt	78,836	81,958
Intangible liabilities, net	101,633	105,909
Accounts payable and accrued liabilities	238,583	293,994
Deferred revenue	<u>64,866</u>	<u>68,055</u>
Total liabilities	<u>8,950,672</u>	<u>9,161,778</u>
 Common stock, \$1.00 par value: 750,000,000 shares authorized; 454,416,748 and 453,191,321 shares issued and outstanding, respectively	 454,417	 453,191
Additional paid-in capital	11,218,702	11,180,066
Cumulative dividends in excess of earnings	(1,075,249)	(1,067,367)
Accumulated other comprehensive loss	<u>(16,604)</u>	<u>(14,653)</u>
Total stockholders' equity	<u>10,581,266</u>	<u>10,551,237</u>
Joint venture partners	15,185	14,752
Non-managing member unitholders	<u>185,608</u>	<u>187,788</u>
Total noncontrolling interests	<u>200,793</u>	<u>202,540</u>
Total equity	<u>10,782,059</u>	<u>10,753,777</u>
 Total liabilities and equity	 <u>\$ 19,732,731</u>	 <u>\$ 19,915,555</u>

HCP, Inc.

Consolidated Statements of Income

In thousands, except per share data
(Unaudited)

	Three Months Ended March 31,	
	2013	2012
Revenues:		
Rental and related revenues	\$ 285,476	\$ 241,151
Tenant recoveries	24,203	22,650
Resident fees and services	36,891	36,179
Income from direct financing leases	156,870	154,535
Interest income	12,386	819
Investment management fee income	443	493
Total revenues	<u>516,269</u>	<u>455,827</u>
Costs and expenses:		
Interest expense	109,351	103,752
Depreciation and amortization	104,717	85,280
Operating	73,605	67,333
General and administrative	20,744	20,089
Total costs and expenses	<u>308,417</u>	<u>276,454</u>
Other income, net	12,012	436
Income before income taxes and equity income from unconsolidated joint ventures	219,864	179,809
Income taxes	(881)	709
Equity income from unconsolidated joint ventures	14,801	13,675
Income from continuing operations	<u>233,784</u>	<u>194,193</u>
Discontinued operations:		
Loss before gain on sales of real estate	—	(485)
Gain on sales of real estate	—	2,856
Total discontinued operations	<u>—</u>	<u>2,371</u>
Net income	233,784	196,564
Noncontrolling interests' share in earnings	(3,199)	(3,184)
Net income attributable to HCP, Inc.	230,585	193,380
Preferred stock dividends	—	(17,006)
Participating securities' share in earnings	(478)	(1,117)
Net income applicable to common shares	<u>\$ 230,107</u>	<u>\$ 175,257</u>
Basic earnings per common share:		
Continuing operations	\$ 0.51	\$ 0.42
Discontinued operations	—	0.01
Net income applicable to common shares	<u>\$ 0.51</u>	<u>\$ 0.43</u>
Diluted earnings per common share:		
Continuing operations	\$ 0.51	\$ 0.42
Discontinued operations	—	0.01
Net income applicable to common shares	<u>\$ 0.51</u>	<u>\$ 0.43</u>
Weighted average shares used to calculate earnings per common share:		
Basic	<u>453,651</u>	<u>410,018</u>
Diluted	<u>454,613</u>	<u>411,661</u>

HCP, Inc.
Consolidated Statements of Cash Flows
In thousands
(Unaudited)

	Three Months Ended March 31,	
	2013	2012
Cash flows from operating activities:		
Net income	\$ 233,784	\$ 196,564
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of real estate, in-place lease and other intangibles:		
Continuing operations	104,717	85,280
Discontinued operations	—	2,996
Amortization of above and below market lease intangibles, net	(78)	(697)
Amortization of deferred compensation	5,430	5,373
Amortization of deferred financing costs, net	4,644	4,529
Straight-line rents	(18,793)	(9,927)
Loan and direct financing lease interest accretion	(24,266)	(25,878)
Deferred rental revenues	1,257	1,839
Equity income from unconsolidated joint ventures	(14,801)	(13,675)
Distributions of earnings from unconsolidated joint ventures	803	913
Gain on sales of real estate	—	(2,856)
Marketable securities gains, net	(10,977)	—
Derivative (gains) losses, net	(105)	203
Changes in:		
Accounts receivable, net	1,967	2,300
Other assets	(8,699)	(7,877)
Accounts payable and accrued liabilities	(60,533)	(52,619)
Net cash provided by operating activities	214,350	186,468
Cash flows from investing activities:		
Acquisitions of real estate	(25,654)	—
Development of real estate	(38,749)	(22,340)
Leasing costs and tenant and capital improvements	(8,959)	(8,931)
Proceeds from sales of real estate, net	—	7,238
Distributions in excess of earnings from unconsolidated joint ventures	568	2,716
Proceeds from the sale of marketable securities	28,030	—
Principal repayments on loans receivable	2,188	4,015
Investments in loans receivable	(14,957)	(9,939)
(Increase) decrease in restricted cash	173	(3,905)
Net cash used in investing activities	(57,360)	(31,146)
Cash flows from financing activities:		
Net borrowings (repayments) under bank line of credit	14,000	(454,000)
Issuance of senior unsecured notes	—	450,000
Repayment of senior unsecured notes	(150,000)	—
Repayments of mortgage debt	(12,135)	(10,057)
Deferred financing costs	—	(10,117)
Net proceeds from the issuance of common stock and exercise of options	32,253	397,569
Dividends paid on common and preferred stock	(238,467)	(211,067)
Issuance of noncontrolling interests	987	181
Distributions to noncontrolling interests	(3,754)	(3,912)
Net cash provided by (used in) financing activities	(357,116)	158,597
Net increase (decrease) in cash and cash equivalents	(200,126)	313,919
Cash and cash equivalents, beginning of period	247,673	33,506
Cash and cash equivalents, end of period	\$ 47,547	\$ 347,425

HCP, Inc.

Funds From Operations⁽¹⁾

In thousands, except per share data
(Unaudited)

	Three Months Ended	
	March 31,	
	2013	2012
Net income applicable to common shares	\$ 230,107	\$ 175,257
Depreciation and amortization of real estate, in-place lease and other intangibles:		
Continuing operations	104,717	85,280
Discontinued operations	—	2,996
Direct financing lease ("DFL") depreciation	3,429	3,050
Gain on sales of real estate	—	(2,856)
Equity income from unconsolidated joint ventures	(14,801)	(13,675)
FFO from unconsolidated joint ventures	17,541	16,177
Noncontrolling interests' and participating securities' share in earnings	3,677	4,301
Noncontrolling interests' and participating securities' share in FFO	(5,141)	(5,724)
FFO applicable to common shares	\$ 339,529	\$ 264,806
Distributions on dilutive convertible units	3,328	3,122
Diluted FFO applicable to common shares	\$ 342,857	\$ 267,928
Diluted FFO per common share	\$ 0.74	\$ 0.64
Weighted average shares used to calculate diluted FFO per share	460,650	417,524
Impact of adjustments to FFO:		
Preferred stock redemption charge ⁽²⁾	\$ —	\$ 10,432
FFO as adjusted applicable to common shares	\$ 339,529	\$ 275,238
Distributions on dilutive convertible units and other	3,328	3,089
Diluted FFO as adjusted applicable to common shares	\$ 342,857	\$ 278,327
Per common share impact of adjustments on diluted FFO ⁽²⁾	\$ —	\$ 0.03
Diluted FFO as adjusted per common share	\$ 0.74	\$ 0.67
Weighted average shares used to calculate diluted FFO as adjusted per share	460,650	417,524

- (1) We believe Funds From Operations ("FFO") is an important supplemental measure of operating performance for a REIT. Because the historical cost accounting convention used for real estate assets utilizes straight-line depreciation (except on land), such accounting presentation implies that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen and fallen with market conditions, presentations of operating results for a REIT that use historical cost accounting for depreciation could be less informative. The term FFO was designed by the REIT industry to address this issue. FFO is defined as net income applicable to common shares (computed in accordance with U.S. generally accepted accounting principles or "GAAP"), excluding gains or losses from acquisition and dispositions of depreciable real estate or related interests, impairments of, or related to, depreciable real estate, plus real estate and DFL depreciation and amortization, with adjustments for joint ventures. Adjustments for joint ventures are calculated to reflect FFO on the same basis. FFO does not represent cash generated from operating activities determined in accordance with GAAP, is not necessarily indicative of cash available to fund cash needs and should not be considered an alternative to net income. Our computation of FFO may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current National Association of Real Estate Investment Trusts' ("NAREIT") definition or that have a different interpretation of the current NAREIT definition from us. In addition, we present FFO before the impact of litigation settlement charges, preferred stock redemption charges, impairments (recoveries) of non-depreciable assets and merger-related items ("FFO as adjusted"). Management believes FFO as adjusted is a useful alternative measurement. This measure is a modification of the NAREIT definition of FFO and should not be used as an alternative to net income (determined in accordance with GAAP).
- (2) In connection with the redemption of our preferred stock, we incurred a one-time, non-cash redemption charge of \$10.4 million related to the original issuance costs of the preferred stock.

HCP, Inc.

Funds Available for Distribution⁽¹⁾ In thousands, except per share data (Unaudited)

	Three Months Ended March 31,	
	2013	2012
FFO as adjusted applicable to common shares	\$ 339,529	\$ 275,238
Amortization of above and below market lease intangibles, net	(78)	(697)
Amortization of deferred compensation	5,430	5,373
Amortization of deferred financing costs, net	4,644	4,529
Straight-line rents	(18,793)	(9,927)
DFL accretion ⁽²⁾	(24,170)	(25,622)
DFL depreciation	(3,429)	(3,050)
Deferred revenues – tenant improvement related	(444)	(487)
Deferred revenues – additional rents (SAB 104)	1,701	2,326
Leasing costs and tenant and capital improvements	(8,959)	(8,931)
Joint venture and other FAD adjustments ⁽²⁾	(12,049)	(14,429)
FAD applicable to common shares	\$ 283,382	\$ 224,323
Distributions on dilutive convertible units	3,328	1,786
Diluted FAD applicable to common shares	\$ 286,710	\$ 226,109
Diluted FAD per common share	\$ 0.62	\$ 0.54
Weighted average shares used to calculate diluted FAD per common share	460,650	415,239

- (1) Funds Available for Distribution ("FAD") is defined as FFO as adjusted after excluding the impact of the following: (i) amortization of acquired above/below market lease intangibles, net; (ii) amortization of deferred compensation expense; (iii) amortization of deferred financing costs, net; (iv) straight-line rents; (v) accretion and depreciation related to DFLs; and (vi) deferred revenues. Further, FAD is computed after deducting recurring capital expenditures, including leasing costs and second generation tenant and capital improvements and includes similar adjustments to compute our share of FAD from our unconsolidated joint ventures. Other REITs or real estate companies may use different methodologies for calculating FAD, and accordingly, our FAD may not be comparable to those reported by other REITs. Although our FAD computation may not be comparable to that of other REITs, management believes FAD provides a meaningful supplemental measure of our ability to fund our ongoing dividend payments. In addition, management believes that in order to further understand and analyze our liquidity, FAD should be compared with net cash flows from operating activities as determined in accordance with GAAP and presented in our consolidated financial statements. FAD does not represent cash generated from operating activities determined in accordance with GAAP, and FAD should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our performance, as an alternative to net cash flows from operating activities (determined in accordance with GAAP), or as a measure of our liquidity.
- (2) For the quarters ended March 31, 2013 and 2012, DFL accretion reflects an elimination of \$15.9 million and \$14.7 million, respectively. Our ownership interest in HCR ManorCare OpCo is accounted for using the equity method, which requires an ongoing elimination of DFL income that is proportional to our ownership in HCR ManorCare OpCo. Further, our share of earnings from HCR ManorCare OpCo (equity income) increases for the corresponding elimination of related lease expense recognized at the HCR ManorCare OpCo level, which we present as a non-cash joint venture FAD adjustment.

HCP, Inc.

Net Operating Income and Same Property Performance⁽¹⁾⁽²⁾

Dollars in thousands
(Unaudited)

	Three Months Ended March 31,	
	2013	2012
Net income	\$ 233,784	\$ 196,564
Interest income	(12,386)	(819)
Investment management fee income	(443)	(493)
Interest expense	109,351	103,752
Depreciation and amortization	104,717	85,280
General and administrative	20,744	20,089
Other income, net	(12,012)	(436)
Income taxes	881	(709)
Equity income from unconsolidated joint ventures	(14,801)	(13,675)
Total discontinued operations	—	(2,371)
NOI	\$ 429,835	\$ 387,182
Straight-line rents	(18,793)	(9,927)
DFL accretion	(24,170)	(25,622)
Amortization of above and below market lease intangibles, net	(78)	(697)
Lease termination fees	—	(148)
NOI adjustments related to discontinued operations	—	626
Adjusted NOI	\$ 386,794	\$ 351,414
Non-SPP adjusted NOI	(31,333)	13
Same property portfolio adjusted NOI⁽²⁾	\$ 355,461	\$ 351,427
Adjusted NOI % change – SPP⁽²⁾	1.1%	

(1) We believe Net Operating Income from Continuing Operations ("NOI") provides investors relevant and useful information because it reflects only income and operating expense items that are incurred at the property level and presents them on an unleveraged basis. We use NOI and adjusted NOI to make decisions about resource allocations, to assess and compare property level performance, and evaluate SPP. We believe that net income is the most directly comparable GAAP measure to NOI. NOI should not be viewed as an alternative measure of operating performance to net income (determined in accordance with GAAP) since it excludes certain components from net income. Further, our NOI may not be comparable to that of other REITs, as they may use different methodologies for calculating NOI.

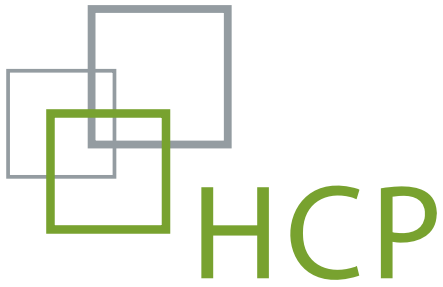
NOI is defined as rental and related revenues, including tenant recoveries, resident fees and services, and income from DFLs, less property level operating expenses. NOI excludes interest income, investment management fee income, interest expense, depreciation and amortization, general and administrative expenses, litigation settlement, impairments, impairment recoveries, other income, net, income taxes, equity income from and impairments of unconsolidated joint ventures, and discontinued operations. Adjusted NOI is calculated as NOI eliminating the effects of straight-line rents, DFL accretion, amortization of above and below market lease intangibles, and lease termination fees. Adjusted NOI is sometimes referred to as "cash NOI."

(2) Same property portfolio ("SPP") statistics allow management to evaluate the performance of our real estate portfolio under a consistent population, which eliminates the changes in the composition of our portfolio of properties. We identify our SPP as stabilized properties that remained in operations and were consistently reported as leased properties or operating properties (RIDEA) for the duration of the year-over-year comparison periods presented. Accordingly, it takes a stabilized property a minimum of 12 months in operations under a consistent reporting structure to be included in our SPP. SPP NOI excludes certain non-property specific operating expenses that are allocated to each operating segment on a consolidated basis.

HCP, Inc.
Projected Future Operations⁽¹⁾
(Unaudited)

	Full Year 2013	
	Low	High
Diluted earnings per common share	\$ 1.97	\$ 2.03
Real estate depreciation and amortization	0.92	0.92
DFL depreciation	0.03	0.03
Joint venture FFO adjustments	0.02	0.02
Diluted FFO per common share	\$ 2.94	\$ 3.00
Amortization of net below market lease intangibles and deferred revenues	(0.01)	(0.01)
Amortization of deferred compensation	0.05	0.05
Amortization of deferred financing costs, net	0.04	0.04
Straight-line rents	(0.12)	(0.12)
DFL accretion ⁽²⁾	(0.20)	(0.20)
DFL depreciation	(0.03)	(0.03)
Leasing costs and tenant and capital improvements	(0.14)	(0.14)
Joint venture and other FAD adjustments ⁽²⁾	(0.12)	(0.12)
Diluted FAD per common share	\$ 2.41	\$ 2.47

- (1) Except as otherwise noted above, the foregoing projections reflect management's view of current and future market conditions, including assumptions with respect to rental rates, occupancy levels, development items and the earnings impact of the events referenced in this release. Except as otherwise noted, these estimates do not reflect the potential impact of future acquisitions, dispositions, other impairments or recoveries, the future bankruptcy or insolvency of our operators, lessees, borrowers or other obligors, the effect of any future restructuring of our contractual relationships with such entities, gains or losses on marketable securities, ineffectiveness related to our cash flow hedges, or existing and future litigation matters including the possibility of larger than expected litigation costs and related developments. There can be no assurance that our actual results will not differ materially from the estimates set forth above. The aforementioned ranges represent management's best estimate of results based upon the underlying assumptions as of the date of this press release. Except as otherwise required by law, management assumes no, and hereby disclaims any, obligation to update any of the foregoing projections as a result of new information or new or future developments.
- (2) Our ownership interest in HCR ManorCare OpCo is accounted for using the equity method, which requires an ongoing elimination of DFL income that is proportional to our ownership in HCR ManorCare OpCo. Further, our share of earnings from HCR ManorCare OpCo (equity income) increases for the corresponding elimination of related lease expense recognized at the HCR ManorCare OpCo level, which we present as a non-cash joint venture FAD adjustment.



Supplemental Information

March 31, 2013

(Unaudited)



San Diego, CA



Irvine, CA



Dallas, TX



San Francisco, CA

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“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995: The statements contained in this supplemental information which are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include among other things the Company’s estimate of (i) completion dates, stabilization dates, rentable square feet and total investment for development projects in progress, and (ii) rentable square feet for land held for development. These statements are made as of the date hereof, are not guarantees of future performance and are subject to known and unknown risks, uncertainties, assumptions and other factors—many of which are out of the Company and its management’s control and difficult to forecast—that could cause actual results to differ materially from those set forth in or implied by such forward-looking statements. These risks and uncertainties include but are not limited to: national and local economic conditions; continued volatility in the capital markets, including changes in interest rates and the availability and cost of capital, which changes and volatility affect opportunities for profitable investments; the Company’s ability to access external sources of capital when desired and on reasonable terms; the Company’s ability to manage its indebtedness levels; changes in the terms of the Company’s indebtedness; the Company’s ability to maintain its credit ratings; the potential impact of existing and future litigation matters, including the possibility of larger than expected litigation costs and related developments; the Company’s ability to successfully integrate the operations of acquired companies; risks associated with the Company’s investments in joint ventures and unconsolidated entities, including its lack of sole decision-making authority and its reliance on its joint venture partners’ financial condition and continued cooperation; competition for lessees and mortgagors (including new leases and mortgages and the renewal or rollover of existing leases); the Company’s ability to reposition its properties on the same or better terms if existing leases are not renewed or the Company exercises its right to replace an existing operator or tenant upon default; continuing reimbursement uncertainty in the post-acute/skilled nursing segment; competition in the senior housing segment specifically and in the healthcare industry in general; the ability of the Company’s operators and tenants from its senior housing segment to maintain or increase their occupancy levels and revenues; the ability of the Company’s lessees and mortgagors to maintain the financial strength and liquidity necessary to satisfy their respective obligations to the Company and other third parties; the bankruptcy, insolvency or financial deterioration of the Company’s operators, lessees, borrowers or other obligors; changes in healthcare laws and regulations, including the impact of future or pending healthcare reform, and other changes in the healthcare industry which affect the operations of the Company’s lessees or obligors, including changes in the federal budget resulting in the reduction or nonpayment of Medicare or Medicaid reimbursement rates; the Company’s ability to recruit and retain key management personnel; costs of compliance with regulations and environmental laws affecting the Company’s properties; changes in tax laws and regulations; changes in the financial position or business strategies of HCR ManorCare; the Company’s ability and willingness to maintain its qualification as a REIT due to economic, market, legal, tax or other considerations; changes in rules governing financial reporting, including new accounting pronouncements; and other risks described from time to time in the Company’s Securities and Exchange Commission filings. The Company assumes no, and hereby disclaims any, obligation to update any of the foregoing or any other forward-looking statements as a result of new information or new or future developments, except as otherwise required by law.

Company Information⁽¹⁾

Board of Directors

James F. Flaherty III

Chairman and Chief Executive Officer
HCP, Inc.

Christine N. Garvey

Former Global Head of Corporate
Real Estate Services, Deutsche Bank AG

David B. Henry

Vice Chairman, President and Chief Executive Officer
Kimco Realty Corporation

Lauralee E. Martin

Chief Executive Officer, Americas and Chief Operating and
Financial Officer, Jones Lang LaSalle Incorporated

Michael D. McKee

Chief Executive Officer
Bentall Kennedy U.S., L.P.

Peter L. Rhein

General Partner
Sarlot & Rhein

Kenneth B. Roath

Chairman Emeritus
HCP, Inc.

Joseph P. Sullivan

Chairman Emeritus of the Board of Advisors
RAND Health

Senior Management

James F. Flaherty III

Chairman and
Chief Executive Officer

Jonathan M. Bergschneider

Executive Vice President
Life Science Estates

Paul F. Gallagher

Executive Vice President and
Chief Investment Officer

Edward J. Henning

Executive Vice President

Thomas D. Kirby

Executive Vice President
Acquisitions and Valuations

Thomas M. Klaritch

Executive Vice President
Medical Office Properties

James W. Mercer

Executive Vice President, General Counsel
and Corporate Secretary

Timothy M. Schoen

Executive Vice President and
Chief Financial Officer

Susan M. Tate

Executive Vice President
Post-Acute and Hospitals

Kendall K. Young

Executive Vice President
Senior Housing

Other Information

Corporate Headquarters

3760 Kilroy Airport Way, Suite 300
Long Beach, CA 90806-2473
(562) 733-5100

Nashville Office

3000 Meridian Boulevard, Suite 200
Franklin, TN 37067-6388

San Francisco Office

400 Oyster Point Boulevard, Suite 409
South San Francisco, CA 94080-1920

The information in this supplemental information package should be read in conjunction with the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other information filed with the Securities and Exchange Commission ("SEC"). The Reporting Definitions and Reconciliations of Non-GAAP Measures are an integral part of the information presented herein.

On the Company's internet website, www.hcpi.com, you can access, free of charge, its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The information contained on its website is not incorporated by reference into, and should not be considered a part of, this supplemental information package. In addition, the SEC maintains an internet website that contains reports, proxy and information statements, and other information regarding issuers, including HCP, that file electronically with the SEC at www.sec.gov.

For more information, contact Timothy M. Schoen, Executive Vice President and Chief Financial Officer at (562) 733-5309.

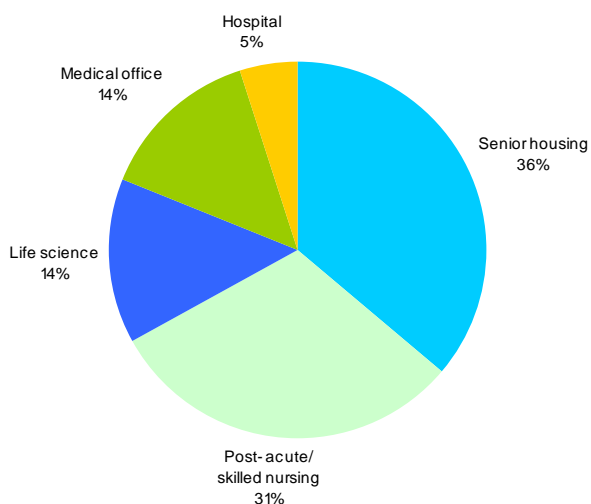
⁽¹⁾ As of April 25, 2013.

Summary

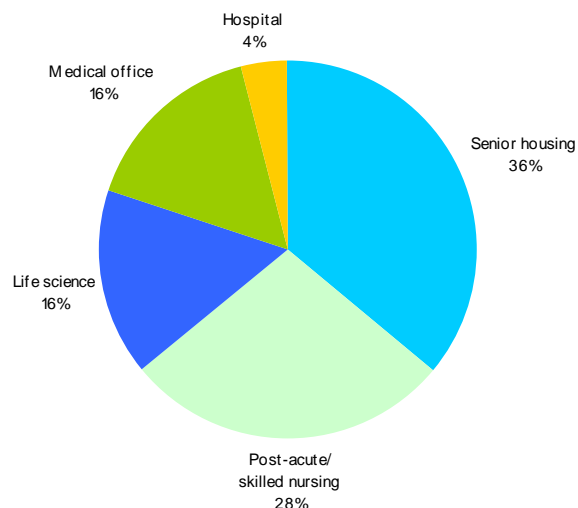
Dollars in thousands, except per share data

	Three Months Ended March 31,	
	2013	2012
Revenues	\$ 516,269	\$ 455,827
NOI	429,835	387,182
Adjusted (Cash) NOI	386,794	351,414
YoY SPP Adjusted (Cash) NOI % Growth	1.1%	4.7%
Adjusted EBITDA	\$ 453,527	\$ 390,946
Diluted FFO per common share	0.74	0.64
Diluted FFO as adjusted per common share	0.74	0.67
Diluted FAD per common share	0.62	0.54
Diluted EPS	0.51	0.43
Dividends per common share	\$ 0.525	\$ 0.50
FFO as adjusted payout ratio	71%	75%
FAD payout ratio	85%	93%
Financial leverage	40%	40%
Adjusted fixed charge coverage	3.9x	3.3x
	March 31,	December 31,
	2013	2012
Total properties:		
Senior housing	445	441
Post-acute/skilled nursing	312	312
Life science	114	113
Medical office	272	273
Hospital	21	21
Total	<u>1,164</u>	<u>1,160</u>

**Portfolio Income from
Assets Under Management⁽¹⁾**



**Assets Under
Management: \$21.4 billion⁽²⁾**



⁽¹⁾ Represents adjusted NOI from real estate owned by HCP, interest income from debt investments and HCP's pro rata share of adjusted NOI from real estate owned by the Company's Investment Management Platform, excluding assets under development and land held for development, for the quarter ended March 31, 2013.

⁽²⁾ Represents the historical cost of real estate owned by HCP, the carrying amount of debt investments and 100% of the cost of real estate owned by the Company's Investment Management Platform, excluding assets held for sale and under development and land held for development, at March 31, 2013.

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Funds From Operations

Dollars and shares in thousands, except per share data

	Three Months Ended March 31,	
	2013	2012
Net income applicable to common shares	\$ 230,107	\$ 175,257
Depreciation and amortization of real estate, in-place lease and other intangibles:		
Continuing operations	104,717	85,280
Discontinued operations	—	2,996
DFL depreciation	3,429	3,050
Gain on sales of real estate	—	(2,856)
Equity income from unconsolidated joint ventures	(14,801)	(13,675)
FFO from unconsolidated joint ventures	17,541	16,177
Noncontrolling interests' and participating securities' share in earnings	3,677	4,301
Noncontrolling interests' and participating securities' share in FFO	(5,141)	(5,724)
FFO applicable to common shares	\$ 339,529	\$ 264,806
Distributions on dilutive convertible units	3,328	3,122
Diluted FFO applicable to common shares	<u>\$ 342,857</u>	<u>\$ 267,928</u>
Weighted average shares used to calculate diluted FFO per share	<u>460,650</u>	<u>417,524</u>
Diluted FFO per common share	<u>\$ 0.74</u>	<u>\$ 0.64</u>
Dividends per common share	<u>\$ 0.525</u>	<u>\$ 0.50</u>
FFO payout ratio	<u>70.9%</u>	<u>78.1%</u>
Impact of adjustments to FFO:		
Preferred stock redemption charge ⁽¹⁾	<u>\$ —</u>	<u>\$ 10,432</u>
FFO as adjusted applicable to common shares	\$ 339,529	\$ 275,238
Distributions on dilutive convertible units and other	<u>3,328</u>	<u>3,089</u>
Diluted FFO as adjusted applicable to common shares	<u>\$ 342,857</u>	<u>\$ 278,327</u>
Weighted average shares used to calculate diluted FFO as adjusted per share	<u>460,650</u>	<u>417,524</u>
Diluted FFO as adjusted per common share	<u>\$ 0.74</u>	<u>\$ 0.67</u>
FFO as adjusted payout ratio	<u>70.9%</u>	<u>74.6%</u>

⁽¹⁾ In connection with the redemption of the Company's preferred stock, the Company incurred a one-time, non-cash redemption charge of \$10.4 million related to the original issuance costs.

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Funds Available for Distribution

Dollars and shares in thousands, except per share data

	Three Months Ended March 31,	
	2013	2012
FFO as adjusted applicable to common shares	\$ 339,529	\$ 275,238
Amortization of above and below market lease intangibles, net	(78)	(697)
Amortization of deferred compensation	5,430	5,373
Amortization of deferred financing costs, net	4,644	4,529
Straight-line rents	(18,793)	(9,927)
DFL accretion ⁽¹⁾	(24,170)	(25,622)
DFL depreciation	(3,429)	(3,050)
Deferred revenues – tenant improvement related	(444)	(487)
Deferred revenues – additional rents (SAB 104)	1,701	2,326
Leasing costs and tenant and capital improvements	(8,959)	(8,931)
Joint venture and other FAD adjustments ⁽¹⁾	(12,049)	(14,429)
FAD applicable to common shares	\$ 283,382	\$ 224,323
Distributions on dilutive convertible units	3,328	1,786
Diluted FAD applicable to common shares	\$ 286,710	\$ 226,109
Weighted average shares used to calculate diluted FAD per share	460,650	415,239
Diluted FAD per common share	\$ 0.62	\$ 0.54
Dividends per common share	\$ 0.525	\$ 0.50
FAD payout ratio	84.7%	92.6%

⁽¹⁾ For the quarters ended March 31, 2013 and 2012, DFL accretion reflects an elimination of \$15.9 million and \$14.7 million, respectively. The Company's ownership interest in HCR ManorCare OpCo is accounted for using the equity method, which requires an ongoing elimination of DFL income that is proportional to its ownership in HCR ManorCare OpCo. Further, the Company's share of earnings from HCR ManorCare OpCo (equity income) increases for the corresponding elimination of related lease expense recognized at the HCR ManorCare OpCo level, which the Company presents as a non-cash joint venture FAD adjustment.

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Capitalization

Dollars and shares in thousands, except price data

Total Debt			
	March 31, 2013	December 31, 2012	March 31, 2012
Bank line of credit	\$ 14,000	\$ —	\$ —
Term loan ⁽¹⁾	208,213	222,694	—
Senior unsecured notes	6,563,749	6,712,624	5,864,940
Mortgage debt	1,680,792	1,676,544	1,707,132
Mortgage debt on assets held for sale	—	—	49,120
Other debt	78,836	81,958	86,734
Consolidated debt	8,545,590	8,693,820	7,707,926
HCP's share of unconsolidated debt ⁽²⁾	141,421	140,705	142,861
Total debt	\$ 8,687,011	\$ 8,834,525	\$ 7,850,787

Total Market Capitalization			
	March 31, 2013		
	Shares	Value	Total Value
Common stock (NYSE: HCP)	454,417	\$ 49.86	\$ 22,657,232
Convertible partnerships (DownREITs) ⁽³⁾	6,037	49.86	301,005
Total market equity			\$ 22,958,237
Consolidated debt			8,545,590
Total market equity and consolidated debt			\$ 31,503,827
HCP's share of unconsolidated debt ⁽²⁾			141,421
Total market capitalization			\$ 31,645,248

Common Stock and Equivalents				
	Shares Outstanding March 31, 2013	Weighted Average Shares Three Months Ended March 31, 2013		
		Diluted EPS	Diluted FFO	Diluted FAD
		Common stock	454,417	453,651
Common equivalent securities:				
Restricted stock and units	1,687	218	218	218
Dilutive impact of options	744	744	744	744
Convertible partnership units	6,037	—	6,037	6,037
Total common and equivalents	462,885	454,613	460,650	460,650

⁽¹⁾ Represents £137 million translated into U.S. dollars.

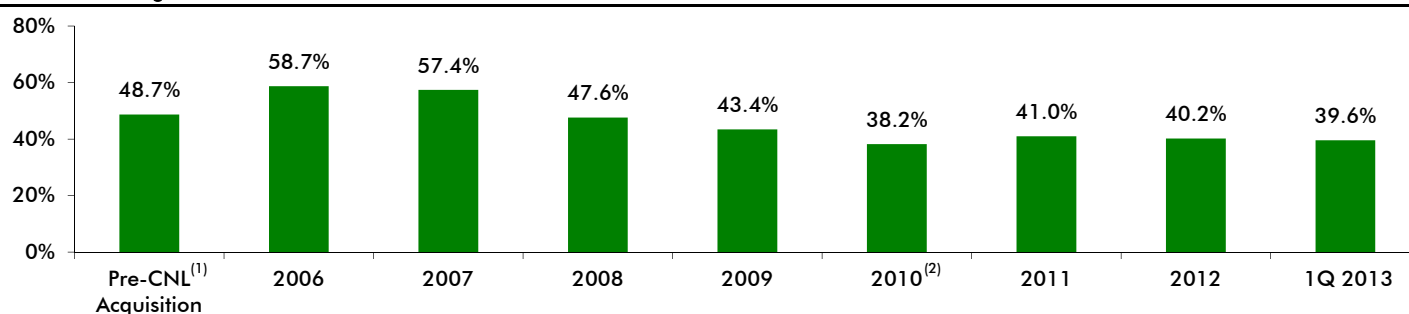
⁽²⁾ Reflects the Company's pro rata share of amounts in the Investment Management Platform and HCR ManorCare OpCo.

⁽³⁾ Convertible partnership (DownREIT) units are exchangeable for an amount of cash equivalent to the then-current market value of shares of the Company's common stock at the time of conversion or, at the Company's election, shares of the Company's common stock.

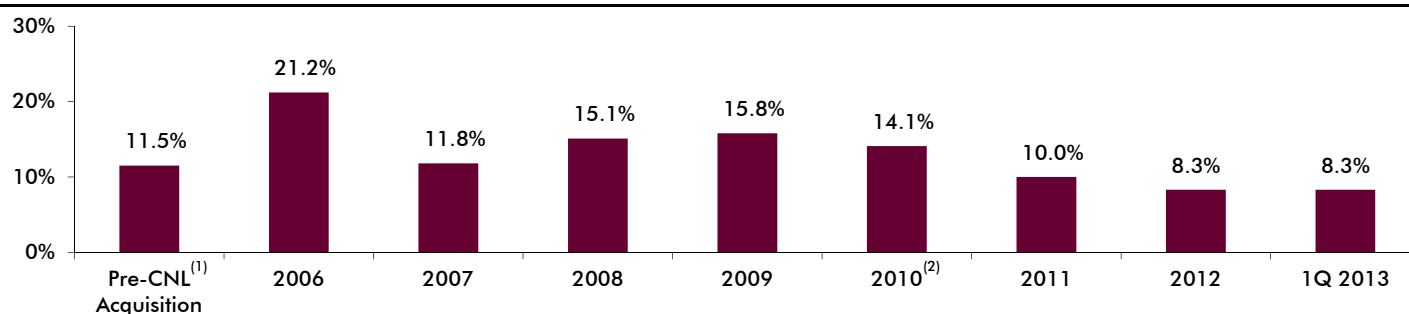
See Reporting Definitions and Reconciliations of Non-GAAP Measures

Credit Profile

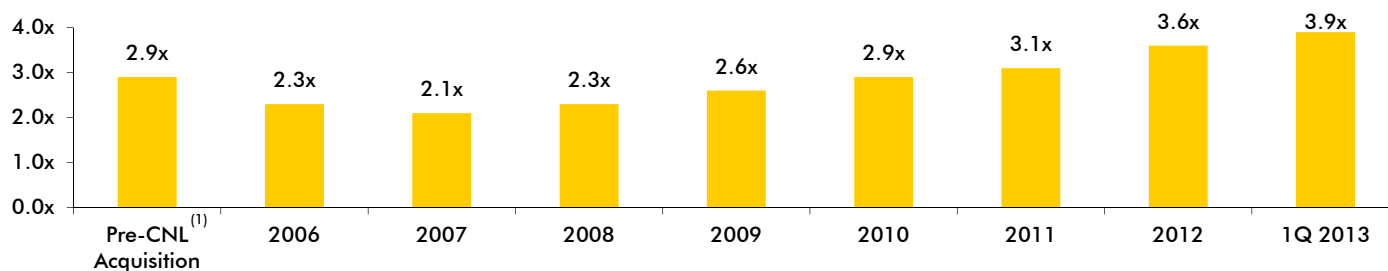
Financial Leverage



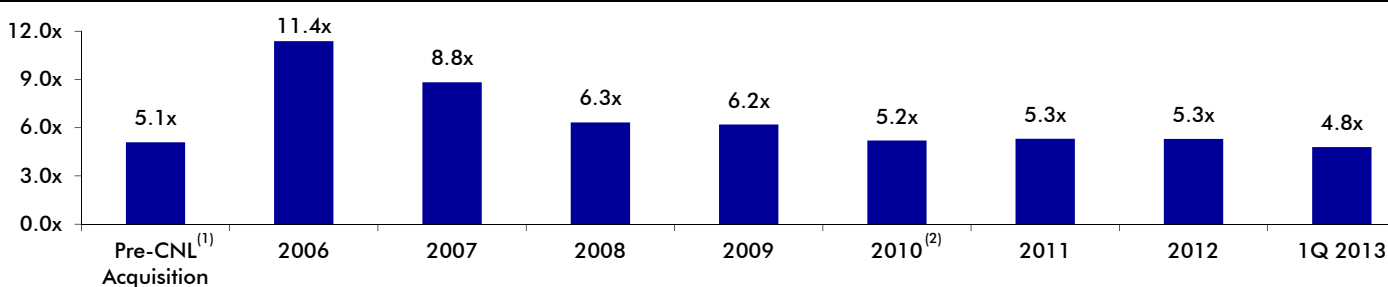
Secured Debt Ratio



Adjusted Fixed Charge Coverage



Net Debt to Adjusted EBITDA



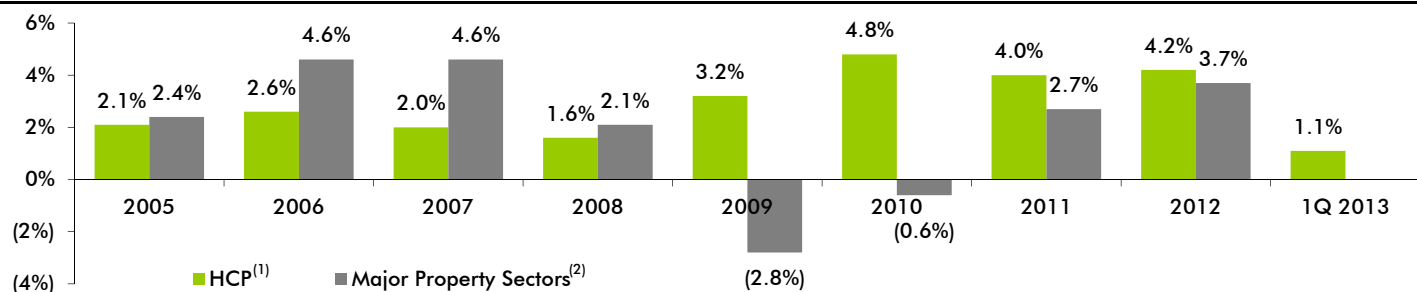
⁽¹⁾ As of and for the six months ended June 30, 2006 (12 months for adjusted fixed charge coverage). The Company completed the mergers with CNL Retirement Properties, Inc. and CNL Retirement Corp ("CNL") on October 5, 2006, with significant prefunding activities occurring in the quarter ended June 30, 2006; therefore, the Company refers to the period ended June 30, 2006 as "Pre-CNL Acquisition."

⁽²⁾ Financial leverage, secured debt ratio and net debt to adjusted EBITDA are pro forma to exclude the temporary benefit resulting from prefunding the HCR ManorCare acquisition in December 2010.

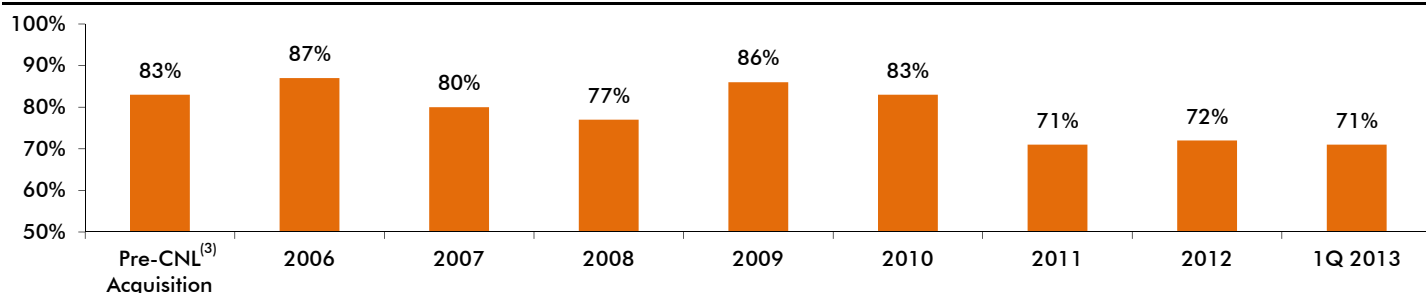
See Reporting Definitions and Reconciliations of Non-GAAP Measures

Credit Profile

Same Property NOI Growth

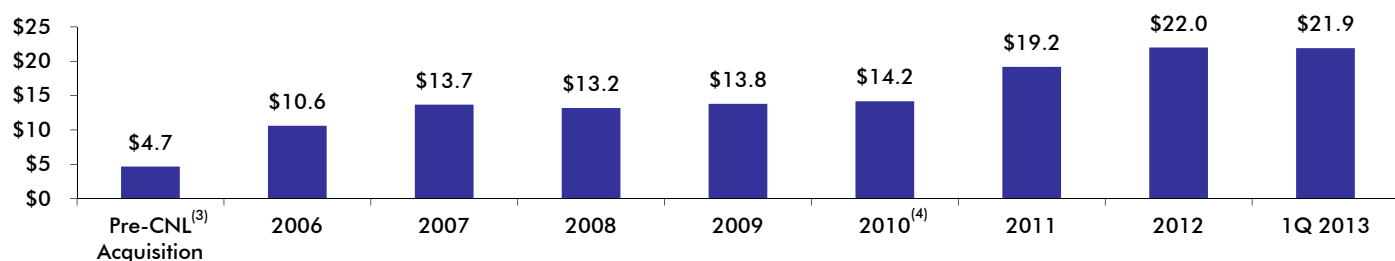


FFO as Adjusted Payout Ratio



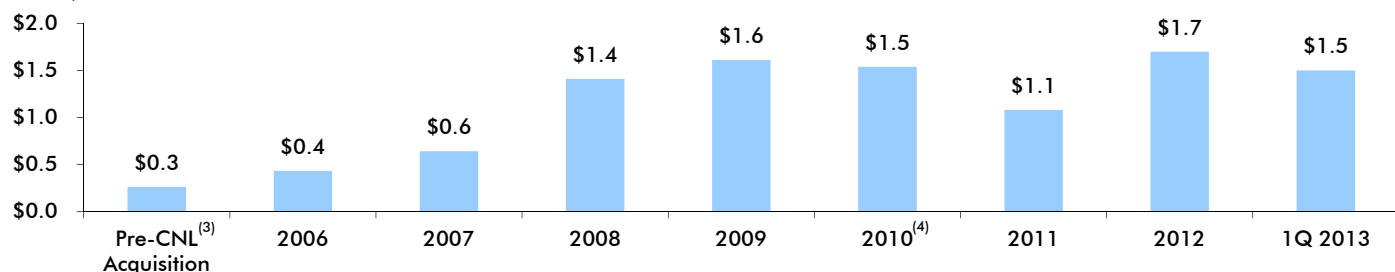
Total Gross Assets

(In billions)



Liquidity⁽⁵⁾

(In billions)



Credit Ratings (Senior Unsecured Debt)

	Pre-CNL ⁽³⁾ Acquisition	2006	2007	2008	2009	2010	2011	2012	1Q 2013
Moody's	Baa2	Baa3	Baa3	Baa3	Baa3	Baa3	Baa2	Baa1	Baa1 (Stable)
Standard & Poor's	BBB+	BBB	BBB	BBB	BBB	BBB	BBB	BBB+	BBB+ (Stable)
Fitch	BBB+	BBB	BBB	BBB	BBB	BBB	BBB+	BBB+	BBB+ (Stable)

⁽¹⁾ HCP information is presented as originally reported and represents annual SPP cash NOI growth.

⁽²⁾ Major Property Sectors information was compiled by Green Street Advisors and is available in their Commercial Property Outlook report dated March 7, 2013 (the "Green Street Report"); this information represents the average annual same property NOI growth equally weighted for each of five major property sectors: apartment, industrial, mall, office, and strip center. The Company's definitions of SPP and NOI may not be comparable to the measures compiled in the Green Street Report, as different methodologies may be used to define or calculate inputs to the growth rates presented.

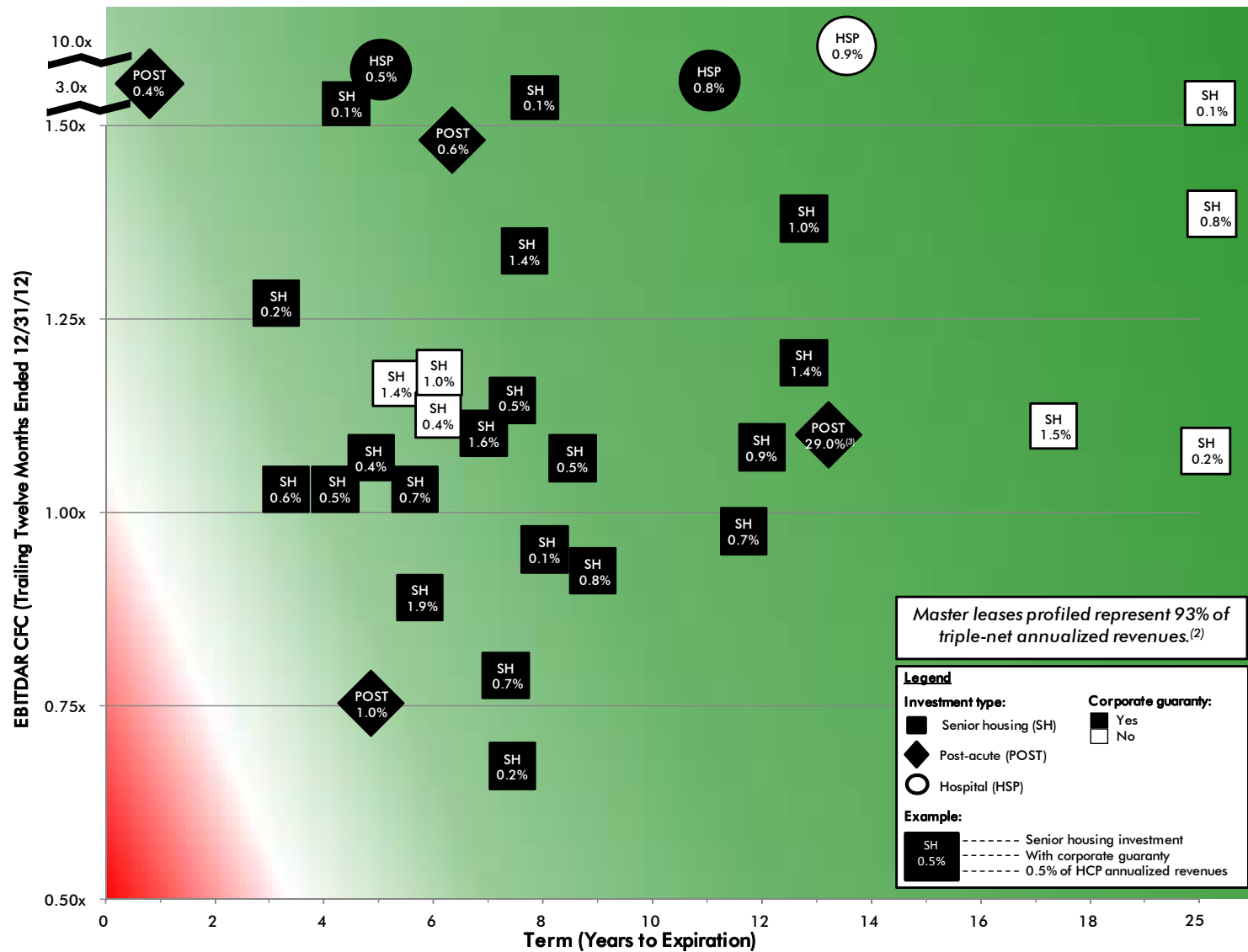
⁽³⁾ As of and for the six months ended June 30, 2006. The Company completed the mergers with CNL Retirement Properties, Inc. and CNL Retirement Corp ("CNL") on October 5, 2006, with significant prefunding activities occurring in the quarter ended June 30, 2006; therefore, the Company refers to the period ended June 30, 2006 as "Pre-CNL Acquisition."

⁽⁴⁾ Total gross assets and liquidity are pro forma to exclude the temporary benefit resulting from prefunding the HCR ManorCare acquisition in December 2010.

⁽⁵⁾ Represents the availability under the Company's bank line of credit and cash and cash equivalents (unrestricted cash).

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Triple-Net Master Lease Profile⁽¹⁾



⁽¹⁾ Excludes master leases with properties not owned for the number of periods required to calculate CFC.

⁽²⁾ Triple-net annualized revenues refer to annualized revenues from triple-net leases in our senior housing, post-acute/skilled nursing and hospital segments and exclude interest income, properties operated under a RIDEA structure, and properties not owned for the number of periods required to calculate CFC.

⁽³⁾ Represents HCR ManorCare OpCo (guarantor) fixed charge coverage for their combined senior housing and post-acute/skilled nursing portfolios as the combined portfolio is cross-collateralized under a single master lease with a corporate guaranty. See HCR ManorCare Leased Portfolio Summary on page 19 of this report.

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Indebtedness and Ratios

Dollars in thousands

Debt Maturities and Scheduled Principal Repayments (Amortization) March 31, 2013

	Bank Line of Credit		Senior Unsecured Notes		Mortgage Debt		Consolidated Debt	HCP's Share of Unconsolidated Debt		Total Debt	
	Credit	Term Loan ⁽¹⁾	Amounts	Rates ⁽²⁾	Amounts ⁽³⁾	Rates ⁽²⁾		Amounts ⁽⁴⁾	Rates ⁽²⁾	Amounts	Rates
2013 (9 months)	\$ —	\$ —	\$ 400,000	5.80%	\$ 283,104	6.15%	\$ 683,104	\$ 1,404	N/A%	\$ 684,508	5.93%
2014	—	—	487,000	3.21	180,221	5.78	667,221	887	7.25	668,108	3.91
2015	—	—	400,000	6.57	308,611	6.03	708,611	11,387	5.82	719,998	6.33
2016	14,000	208,213	900,000	5.11	291,941	6.89	1,414,154	47,098	6.05	1,461,252	5.02
2017	—	—	750,000	6.03	550,698	6.04	1,300,698	41,420	5.86	1,342,118	6.03
2018	—	—	600,000	6.83	6,821	5.90	606,821	37,285	5.00	644,106	6.71
2019	—	—	450,000	3.96	2,328	N/A	452,328	47	N/A	452,375	3.94
2020	—	—	800,000	2.79	2,354	5.32	802,354	49	N/A	802,403	2.80
2021	—	—	1,200,000	5.60	9,681	5.36	1,209,681	52	N/A	1,209,733	5.60
2022	—	—	300,000	3.39	1,221	N/A	301,221	54	N/A	301,275	3.38
Thereafter	—	—	300,000	6.89	51,063	5.24	351,063	1,863	5.06	352,926	6.64
Subtotal	14,000	208,213	6,587,000		1,688,043		8,497,256	141,546		8,638,802	
Other debt ⁽⁵⁾	—	—	—		—		78,836	—		78,836	
(Discounts) and premiums, net	—	—	(23,251)		(7,251)		(30,502)	(125)		(30,627)	
Total debt	<u>\$ 14,000</u>	<u>\$ 208,213</u>	<u>\$ 6,563,749</u>		<u>\$ 1,680,792</u>		<u>\$ 8,545,590</u>	<u>\$ 141,421</u>		<u>\$ 8,687,011</u>	
Weighted average interest rate	<u>1.43%</u>	<u>2.00%</u>	<u>5.10%</u>		<u>6.13%</u>		<u>5.22%</u>	<u>5.77%</u>		<u>5.23%</u>	
Weighted average maturity in years	<u>2.95</u>	<u>3.33</u>	<u>5.89</u>		<u>3.48</u>		<u>5.35</u>	<u>4.03</u>		<u>5.32</u>	

Ratios

	March 31, 2013	December 31, 2012
Consolidated Debt/Consolidated Gross Assets	39.6%	40.1%
Financial Leverage (Total Debt/Total Gross Assets)	39.6%	40.2%
Consolidated Secured Debt/Consolidated Gross Assets	7.8%	7.7%
Secured Debt Ratio (Total Secured Debt/Total Gross Assets)	8.3%	8.3%
Fixed and variable rate ratios ⁽⁷⁾ :		
Fixed rate Total Debt	98.9%	99.1%
Variable rate Total Debt	1.1%	0.9%
	<u>100.0%</u>	<u>100.0%</u>

Covenants

The following is a summary of the financial covenants under the bank line of credit at March 31, 2013.

Financial Covenants ⁽⁶⁾	Bank Line of Credit	
	Requirement	Actual Compliance
Leverage Ratio	No greater than 60%	40%
Secured Debt Ratio	No greater than 30%	9%
Unsecured Leverage Ratio	No greater than 60%	39%
Fixed Charge Coverage Ratio (12 months)	No less than 1.50x	3.4x

⁽¹⁾ Represents £137 million translated into U.S. dollars.

⁽²⁾ Senior unsecured notes and mortgage debt weighted average effective rates relate to maturing amounts.

⁽³⁾ Mortgage debt attributable to non-controlling interests at March 31, 2013 was \$65 million.

⁽⁴⁾ Includes pro-rata share of mortgage and other debt in the Company's Investment Management Platform and HCR ManorCare OpCo. At March 31, 2013, 100% of the Company's Investment Management Platform's mortgage debt accrues interest at fixed rates. HCR ManorCare OpCo's debt accrues interest at LIBOR (subject to a floor of 150bps) plus 350bps.

⁽⁵⁾ Represents non-interest bearing life care bonds and occupancy fee deposits at certain of the Company's senior housing facilities that have no scheduled maturities.

⁽⁶⁾ Financial covenants for the bank line of credit are calculated based on the definitions contained within the agreement and may be different than similar terms in the Company's Consolidated Financial Statements as provided in its Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. Compliance with certain of these financial covenants requires the inclusion of the Company's consolidated amounts and its proportionate share of unconsolidated investees.

⁽⁷⁾ \$86 million of variable-rate mortgages and £137 million term loan are presented as fixed-rate debt as the interest payments under such debt have been swapped (pay fixed and receive float).

See Reporting Definitions and Reconciliations of Non-GAAP Measures



Investments and Dispositions

Dollars and square feet in thousands

Investments

Description	Three Months Ended March 31, 2013
Acquisitions of real estate and land	\$ 38,383
Total fundings for development, tenant and capital improvements ⁽¹⁾	42,375
Construction loan commitment fundings	14,957
Total investments	\$ 95,715

Acquisitions of real estate and land for the three months ended March 31, 2013

Location	Date	Capacity	Property Count	Segment	Investment
Anderson, IN	March 8, 2013	38 acres	N/A	Post-acute/skilled	\$ 408
Klamath Falls, OR	March 14, 2013	60 units	1	Senior housing	9,038 ⁽²⁾
Various Cities, OR	March 26, 2013	190 units	3	Senior housing	28,937 ⁽²⁾
					\$ 38,383

⁽¹⁾ The three months ended March 31, 2013, includes the following: (i) \$18.9 million of development, (ii) \$17.9 million of first generation tenant and capital improvements, and (iii) \$5.6 million of second generation tenant and capital improvements (excludes \$3.4 million of leasing costs).

⁽²⁾ Represents the four remaining senior housing facilities from the Company's previously announced Blackstone JV acquisition.

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Development

As of March 31, 2013, dollars and square feet in thousands

Development Projects in Process

Name of Project	Location	Segment	Estimated/ Actual Completion Date	Estimated Rentable Square Feet	Investment to Date ⁽¹⁾⁽³⁾	Estimated Total Investment
Development						
Ridgeview	Poway, CA	Life science	2Q 2014	115	\$ 11,724	\$ 22,937
Redevelopment						
Durham Research Lab	Durham, NC	Life science	4Q 2013	53	13,990	26,195
Carmichael ⁽⁴⁾	Durham, NC	Life science	4Q 2013	38	4,401	16,253
1030 Massachusetts Avenue	Cambridge, MA	Life science	2Q 2014	75	36,821	42,537
Westpark Plaza ⁽⁵⁾	Plano, TX	Medical office	2Q 2013	50	10,613	13,585
Innovation Drive	San Diego, CA	Medical office	4Q 2013	84	29,742	33,689
Alaska ⁽⁵⁾	Anchorage, AK	Medical office	4Q 2013	32	7,687	9,561
Folsom	Sacramento, CA	Medical office	2Q 2014	92	35,302	39,251
Bayfront	St. Petersburg, FL	Medical office	2Q 2014	135	11,226	21,850
Total					<u>\$ 161,506</u>	<u>\$ 225,858</u>

Land Held for Development

Location	Segment	Gross Site Acreage	Estimated Rentable Square Feet
So. San Francisco, CA	Life science	50	1,666
Carlsbad, CA	Life science	41	690
Poway, CA	Life science	46	765
Various	Various	57	93
		<u>194</u>	
Investment-to-date ⁽²⁾⁽³⁾		<u>\$ 364,684</u>	

Projects Placed in Service

Name of Project	Location	Segment	Date Placed in Service	Rentable Square Feet	Investment ⁽⁶⁾	Percentage Leased
2019 Stierlin Ct.	Mountain View, CA	Life science	1Q 2013	70	\$ 20,430	100
Fresno ⁽⁷⁾	Fresno, CA	Hospital	1Q 2013	N/A	19,064	100
				<u>70</u>	<u>\$ 39,494</u>	

⁽¹⁾ Investment-to-date of \$162 million includes the following: (i) \$54 million in development costs and construction in progress, (ii) \$82 million of buildings and (iii) \$26 million of land.

⁽²⁾ Investment-to-date of \$365 million includes the following: (i) \$260 million in land (ii) \$105 million in development costs and construction in progress.

⁽³⁾ Development costs and construction in progress of \$224 million presented on the Company's consolidated balance sheet at March 31, 2013, include the following: (i) \$54 million of costs for development projects in process; (ii) \$105 million of costs for land held for development; and (iii) \$65 million for tenant and other facility related improvement projects in process.

⁽⁴⁾ Represents approximately 33% of the Carmichael facility in redevelopment. The balance of the facility remains in operations.

⁽⁵⁾ Represents approximately 70% and 35% of the Westpark and Alaska facilities, respectively. The balance of both facilities has been placed into operations.

⁽⁶⁾ Represents the investment as of the date the respective property was placed in service.

⁽⁷⁾ Represents approximately 25% of the Fresno hospital that was redeveloped.

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Owned Portfolio Summary

As of and for the quarter ended March 31, 2013, dollars and square feet in thousands

Portfolio Summary by Investment Product

Leased Properties	Property Count	Investment	NOI	Age (Years)	Capacity	Occupancy %	EBITDARM ⁽¹⁾		EBITDAR ⁽¹⁾	
							Amount	CFC	Amount	CFC
Senior housing	424	\$ 6,834,732	\$ 147,989	15	40,907 Units	85.9	\$ 470,318	1.33 x	\$ 391,142	1.11 x
Post-acute/skilled	312	5,703,523	135,456	34	41,538 Beds	85.5	73,868	2.01 x	54,586	1.48 x
Life science	110	3,387,514	59,947	19	7,072 Sq. Ft.	91.5	N/A	N/A	N/A	N/A
Medical office	206	2,612,353	52,959	20	14,166 Sq. Ft.	91.0	N/A	N/A	N/A	N/A
Hospital	17	670,431	19,882	27	2,410 Beds	54.4	454,026	5.62 x	417,242	5.16 x
	<u>1,069</u>	<u>\$ 19,208,553</u>	<u>\$ 416,233</u>	<u>22</u>						

Operating Properties (RIDEA)	Property Count	Investment	NOI	Age (Years)	Capacity	Occupancy %
Senior housing ⁽²⁾	21	\$ 767,411	\$ 13,602	23	5,005 Units	87.0

Debt Investments	Investment	Interest Income
Senior housing	\$ 139,455	\$ 2,401
Post-acute/skilled ⁽³⁾	314,337	9,985
Hospital ⁽⁴⁾	46,292	—
Total	<u>\$ 1,090</u>	<u>\$ 12,386</u>

Portfolio NOI, Adjusted NOI and Interest Income

Three Months Ended March 31, 2013

Segment	Rental and RIDEA Revenues	Operating Expenses	NOI ⁽⁵⁾	Adjusted NOI	Interest Income	Adjusted NOI and Interest Income
Senior housing ⁽²⁾	\$ 185,982	\$ 24,391	\$ 161,591	\$ 143,193	\$ 2,401	\$ 145,594
Post-acute/skilled	136,103	647	135,456	116,158	9,985	126,143
Life science	73,330	13,383	59,947	56,340	—	56,340
Medical office	87,255	34,296	52,959	51,671	—	51,671
Hospital	20,770	888	19,882	19,432	—	19,432
	<u>\$ 503,440</u>	<u>\$ 73,605</u>	<u>\$ 429,835</u>	<u>\$ 386,794</u>	<u>\$ 12,386</u>	<u>\$ 399,180</u>

⁽¹⁾ EBITDARM, EBITDAR and their respective CFC are not presented for the disaggregated HCR ManorCare senior housing and post-acute/skilled nursing portfolios as the combined portfolio is cross-collateralized under a single master lease with a corporate guaranty. See HCR ManorCare Leased Portfolio Summary on page 19 of this report.

⁽²⁾ Brookdale Senior Living manages 21 assets on behalf of the Company under a RIDEA structure. For the quarter ended March 31, 2013, revenues and operating expenses were \$36.9 million and \$23.3 million, respectively.

⁽³⁾ Includes senior unsecured notes of Four Seasons Health Care with an aggregate par value of £138.5 million, purchased at a discount for £136.8 million with a carrying value translated into U.S. dollars of \$208.2 million as of March 31, 2013.

⁽⁴⁾ Includes a senior secured loan to Delphis that was placed on non-accrual status effective January 1, 2011 with a carrying value of \$30.7 million at March 31, 2013. For additional information regarding the senior secured loan to Delphis see Note 6 to the Consolidated Financial Statements for the quarter ended March 31, 2013 included in the Company's Quarterly Report on Form 10-Q filed with the SEC.

⁽⁵⁾ NOI attributable to non-controlling interests for the quarter ended March 31, 2013 was \$2.3 million.

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Owned Portfolio Concentrations

As of and for the quarter ended March 31, 2013, dollars in thousands

Geographic Diversification of Properties

Investment by State	Total Properties	Senior Housing	Post-Acute/Skilled	Life Science	Medical Office	Hospital	Total	% of Total
CA	160	\$ 729,239	\$ 265,652	\$ 3,261,184	\$ 216,956	\$ 147,609	\$ 4,620,640	23
TX	108	874,346	105,060	—	723,780	230,223	1,933,409	10
FL	94	843,656	547,981	—	146,800	62,450	1,600,887	8
PA	55	275,258	1,214,336	—	—	—	1,489,594	7
IL	51	508,676	704,368	—	13,490	—	1,226,534	6
OH	72	216,633	686,293	—	9,421	—	912,347	5
MI	38	177,063	580,795	—	—	—	757,858	4
MD	34	303,312	232,458	—	30,071	—	565,841	3
WA	30	256,918	126,725	—	178,216	—	561,859	3
VA	30	339,132	176,188	—	43,045	—	558,365	3
Other	418	3,077,910	1,063,667	126,330	1,250,574	230,149	5,748,630	28
Total	1,090	\$ 7,602,143	\$ 5,703,523	\$ 3,387,514	\$ 2,612,353	\$ 670,431	\$ 19,975,964	100

NOI by State	Total Properties	Senior Housing	Post-Acute/Skilled	Life Science	Medical Office	Hospital	Total	% of Total
CA	160	\$ 15,793	\$ 5,664	\$ 56,346	\$ 3,314	\$ 4,546	\$ 85,663	20
TX	108	19,363	2,168	—	13,482	7,185	42,198	10
FL	94	18,631	12,757	—	3,337	1,325	36,050	8
PA	55	5,509	28,901	—	—	—	34,410	8
IL	51	10,861	16,182	—	328	—	27,371	6
OH	72	4,849	16,958	—	216	—	22,023	5
MI	38	4,063	13,144	—	—	—	17,207	4
MD	34	6,467	5,479	—	712	—	12,658	3
WA	30	4,857	2,963	—	4,491	—	12,311	3
VA	30	6,885	4,353	—	727	—	11,965	3
Other	418	64,313	26,887	3,601	26,352	6,826	127,979	30
Total	1,090	\$ 161,591	\$ 135,456	\$ 59,947	\$ 52,959	\$ 19,882	\$ 429,835	100

Operator/Tenant Diversification

Company	Primary Segment	Annualized Revenues ⁽¹⁾	
		Amount	%
HCR ManorCare	Post-acute/skilled	\$ 489,038	29
Emeritus Corporation	Senior housing	220,649	13
Brookdale Senior Living	Senior housing	135,691	8
Sunrise Senior Living	Senior housing	89,009	5
HCA	Hospital	54,717	3
Amgen	Life science	42,933	3
Genentech	Life science	39,385	2
Four Seasons Health Care	Post-acute/skilled	26,240	2
Kindred	Post-acute/skilled	17,018	1
Capital Senior Living	Senior housing	16,235	1
Other		558,309	33
		\$ 1,689,224	100

⁽¹⁾ The most recent monthly base rent (including additional rent floors), cash income from direct financing leases and/or interest income annualized for 12 months. Annualized revenues for operating properties under a RIDEA structure are based on the most recent quarter's NOI annualized for 12 months. For additional details regarding "annualized revenues," see reporting definitions.

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Owned Same Property Portfolio

As of March 31, 2013, dollars and square feet in thousands

Three-Month SPP

	Total	Senior Housing	Post-Acute/ Skilled	Life Science	Medical Office	Hospital
Property count	924	312	312	101	183	16
Investment	\$ 17,696,861	\$ 5,858,895	\$ 5,703,523	\$ 3,229,742	\$ 2,293,079	\$ 611,622
Percent of property portfolio (by investment)	88.6%	77.1%	100%	95.3%	87.8%	91.2%
Capacity		35,584 Units	41,538 Beds	6,685 Sq. Ft.	12,669 Sq. Ft.	2,379 Beds

Year-Over-Year Three-Month SPP

3-Month Occupancy:

March 31, 2013	86.6%	85.3%	92.7%	91.2%	53.6%
March 31, 2012	85.4%	85.5%	91.0%	91.2%	51.7%
% change	1.2%	(0.2%)	1.7%	—%	1.9%

NOI % change	<u>1.1%</u>	<u>0.2%</u>	<u>1.9%</u>	<u>0.6%</u>	<u>(0.2%)</u>	<u>6.0%</u>
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Adjusted NOI:

March 31, 2013	\$ 355,461	\$ 117,461	\$ 116,659	\$ 55,606	\$ 47,273	\$ 18,462
March 31, 2012	\$ 351,427	\$ 115,296	\$ 112,850	\$ 58,908	\$ 47,064	\$ 17,309
Adjusted NOI % change	<u>1.1%</u>	<u>1.9%</u>	<u>3.4%</u>	<u>(5.6%)</u>	<u>0.4%</u>	<u>6.7%</u>

Sequential Three-Month SPP

3-Month Occupancy:

March 31, 2013	86.6%	85.3%	92.7%	91.2%	53.6%
December 31, 2012	86.4%	85.5%	92.5%	92.1%	53.4%
% change	0.2%	(0.2%)	0.2%	(0.9%)	0.2%

NOI % change	<u>(0.8%)</u>	<u>(0.9%)</u>	<u>(0.2%)</u>	<u>0.9%</u>	<u>(2.8%)</u>	<u>(4.8%)</u>
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Adjusted NOI:

March 31, 2013	\$ 355,461	\$ 117,461	\$ 116,659	\$ 55,606	\$ 47,273	\$ 18,462
December 31, 2012	\$ 362,158	\$ 121,657	\$ 116,986	\$ 55,349	\$ 48,762	\$ 19,404
Adjusted NOI % change	<u>(1.8%)</u>	<u>(3.4%)</u>	<u>(0.3%)</u>	<u>0.5%</u>	<u>(3.1%)</u>	<u>(4.9%)</u>

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Owned Portfolio Lease Expirations and Debt Investment Maturities

At March 31, 2013, dollars and square feet in thousands

Segment	Total	Expiration Year ⁽¹⁾										
		2013 ⁽²⁾	2014	2015	2016	2017	2018	2019	2020	2021	2022	Thereafter
Lease Expirations												
Senior housing⁽³⁾:												
Properties	424	—	4	1	15	11	47	10	35	16	3	282
Annualized revenues	\$ 530,178	\$ —	\$ 1,701	\$ 209	\$ 23,047	\$ 19,175	\$ 90,401	\$ 14,544	\$ 55,344	\$ 17,776	\$ 2,972	\$ 305,009
Post-acute/skilled:												
Properties	312	—	9	1	1	9	2	12	5	—	4	269
Annualized revenues	\$ 466,857	\$ —	\$ 7,197	\$ 450	\$ 320	\$ 8,607	\$ 1,111	\$ 10,434	\$ 5,408	\$ —	\$ 3,086	\$ 430,244
Life science:												
Square feet	6,470	332	360	669	260	824	635	163	958	557	280	1,432
Annualized revenues	\$ 234,349	\$ 5,981	\$ 10,860	\$ 22,786	\$ 6,892	\$ 27,432	\$ 26,660	\$ 5,105	\$ 43,632	\$ 31,724	\$ 8,618	\$ 44,659
Medical office:												
Square feet	12,891	1,900	1,798	1,592	1,346	1,623	1,272	851	916	408	541	644
Annualized revenues	\$ 283,421	\$ 38,078	\$ 41,910	\$ 36,206	\$ 28,231	\$ 36,303	\$ 26,393	\$ 18,719	\$ 21,304	\$ 9,509	\$ 12,249	\$ 14,519
Hospital:												
Properties	17	1	3	—	—	2	—	5	—	1	1	4
Annualized revenues	\$ 68,849	\$ 2,611	\$ 16,018	\$ —	\$ —	\$ 4,776	\$ —	\$ 7,126	\$ —	\$ 1,118	\$ 3,589	\$ 33,611
Total annualized revenues	\$1,583,654	\$ 46,670	\$ 77,686	\$ 59,651	\$ 58,490	\$ 96,293	\$ 144,565	\$ 55,928	\$ 125,688	\$ 60,127	\$ 30,514	\$ 828,042
% of Total	100	3	5	4	4	6	9	3	8	4	2	52
Debt Investment Maturities (Annualized Revenues)												
Senior housing	\$ 10,330	\$ —	\$ —	\$ —	\$ 8,904	\$ 1,426	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Post-acute/skilled	\$ 39,580	\$ 940	\$ —	\$ —	\$ —	\$ 12,400	\$ —	\$ —	\$ 26,240	\$ —	\$ —	\$ —
Hospital ⁽⁴⁾	\$ 1,251	\$ —	\$ —	\$ 1,251	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total annualized revenues	\$ 51,161	\$ 940	\$ —	\$ 1,251	\$ 8,904	\$ 13,826	\$ —	\$ —	\$ 26,240	\$ —	\$ —	\$ —

⁽¹⁾ The most recent monthly base rent (including additional rent floors), cash income from direct financing leases and/or interest income annualized for 12 months. For additional details regarding "annualized revenues," see reporting definitions. Assumes that none of the tenants exercise any of their renewal or purchase options. See "Tenant Purchase Options" section of Note 12 to the Consolidated Financial Statements for the year ended December 31, 2012 included in the Company's Annual Report on Form 10-K filed with the SEC for additional information on leases subject to purchase options.

⁽²⁾ Includes month-to-month and holdover leases.

⁽³⁾ Excludes \$54.4 million related to 21 facilities operated under a RIDEA structure by Brookdale Senior Living.

⁽⁴⁾ Effective January 1, 2011, a senior secured loan to Delphis was placed on non-accrual status. During the quarter ended March 31, 2013, no revenues were recognized for this loan; consequently, no annualized revenue amounts for this loan are presented. For additional information regarding the senior secured loan to Delphis see Note 6 to the Consolidated Financial Statements for the quarter ended March 31, 2013 included in the Company's Quarterly Report on Form 10-Q filed with the SEC.

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Owned Senior Housing Portfolio

As of and for the quarter ended March 31, 2013, dollars in thousands

Investments

Leased Properties	Property	Investment	NOI	Average	Units	Occupancy	EBITDARM ⁽¹⁾⁽²⁾		EBITDAR ⁽¹⁾⁽²⁾	
	Count			Age (Years)		% ⁽¹⁾	Amount	CFC	Amount	CFC
Operating Leases:										
Assisted living	270	\$ 3,818,953	\$ 82,546	14	22,403	85.9	\$ 274,163	1.32 x	\$ 229,288	1.10 x
Independent living	47	855,894	19,348	18	6,078	87.1	59,929	1.24 x	52,217	1.08 x
CCRCs	14	684,228	15,912	23	4,341	87.4	71,973	1.33 x	58,570	1.08 x
Direct Financing Leases:										
Assisted living	27	627,427	12,329	16	3,132	85.9	64,253	1.52 x	51,067	1.21 x
HCR ManorCare ⁽²⁾	66	848,230	17,854	17	4,953	83.6	N/A	N/A	N/A	N/A
	424	\$ 6,834,732	\$ 147,989	15	40,907	85.9	\$ 470,318	1.33 x	\$ 391,142	1.11 x
Operating Properties (RIDEA)										
Assisted living	3	\$ 24,582	\$ 648	22	214	90.3				
Independent living	18	742,829	12,954	23	4,791	86.8				
	21	\$ 767,411	\$ 13,602	23	5,005	87.0				
Debt Investments										
		Investment	Interest Income							
Emeritus		\$ 52,000	\$ 793							
Construction loans		87,455	1,608							
		\$ 139,455	\$ 2,401							
Total	445	\$ 7,741,598	\$ 163,992		45,912	86.0				

Operator Concentration⁽³⁾

Operator	Properties		Investment		NOI and Interest Income		Units	Occupancy % ⁽¹⁾	EBITDARM CFC ⁽¹⁾⁽²⁾	EBITDAR CFC ⁽¹⁾⁽²⁾
	Count	% Pooled	Amount	%	Amount	%				
Emeritus Corporation ⁽¹⁾	202	98	\$ 2,938,681	38	\$ 64,707	39	18,071	85.5	1.32 x	1.12 x
Brookdale Senior Living	57	60	1,594,645	21	35,391	22	11,058	87.0	1.32 x	1.09 x
Sunrise Senior Living ⁽⁴⁾	48	98	1,328,784	17	23,509	14	5,566	87.2	1.47 x	1.19 x
HCR ManorCare ⁽²⁾	66	100	848,230	11	17,854	11	4,953	83.6	N/A	N/A
Harbor Retirement Associates	14	100	211,278	3	4,173	3	1,338	85.7	1.26 x	1.00 x
Aegis Senior Living	10	80	182,152	2	3,940	2	701	87.7	1.26 x	1.08 x
Other	48	98	637,828	8	14,418	9	4,225	85.8	1.20 x	1.03 x
	445	93	\$ 7,741,598	100	\$ 163,992	100	45,912	86.0	1.33 x	1.11 x

⁽¹⁾ Occupancy, EBITDARM, EBITDAR and their respective CFC are not presented for the 133 properties purchased under the Blackstone JV acquisition as the requisite number of historical periods required to calculate CFC have not occurred.

⁽²⁾ EBITDARM, EBITDAR and their respective CFC are not presented for the disaggregated HCR ManorCare senior housing and post-acute/skilled nursing portfolios as the combined portfolio is cross-collateralized under a single master lease with a corporate guaranty. See HCR ManorCare Leased Portfolio Summary on page 19 of this report.

⁽³⁾ Property count, units, occupancy and CFCs are presented for leased and operating properties, if applicable, and exclude debt investments.

⁽⁴⁾ Sunrise Senior Living's percentage pooled consists of 47 assets under 6 separate pools.

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Owned Senior Housing Portfolio

Dollars in thousands

Portfolio Trends

	Same Property Portfolio ⁽¹⁾			Total Property Portfolio ⁽¹⁾		
	As of and for the Quarter Ended			As of and for the Twelve Months Ended		
	03/31/13	12/31/12	03/31/12	03/31/13 ⁽²⁾	12/31/12 ⁽²⁾⁽³⁾	03/31/12 ⁽³⁾
Property count	312	312	312	445	441	314
Investment	\$ 5,858,895	\$ 5,837,890	\$ 5,796,510	\$ 7,602,143	\$ 7,543,163	\$ 5,906,471
Units	35,584	35,592	35,613	45,912	45,669	36,154
3-Month Occupancy %	86.6	86.4	85.4	86.6	86.4	85.9
12-Month Occupancy %	86.0	85.6	85.4	86.0	85.6	85.7
EBITDARM	\$ 470,318	\$ 466,355	\$ 465,612	\$ 470,318	\$ 466,355	\$ 475,716
EBITDARM CFC	1.33 x	1.33 x	1.37 x	1.33 x	1.33 x	1.36 x
EBITDAR	\$ 391,142	\$ 387,817	\$ 388,901	\$ 391,142	\$ 387,817	\$ 399,773
EBITDAR CFC	1.11 x	1.11 x	1.14 x	1.11 x	1.11 x	1.14 x
NOI:						
Rental and related revenues	\$ 85,326	\$ 87,777	\$ 83,344			
Resident fees and services	36,891	35,920	36,179			
DFL income	30,249	30,218	30,156			
Operating expenses	<u>(23,498)</u>	<u>(23,797)</u>	<u>(20,966)</u>			
	\$ 128,968	\$ 130,118	\$ 128,713			
Adjusted NOI:						
Straight-line rents	(6,118)	(3,998)	(7,910)			
DFL interest accretion	(5,031)	(4,105)	(5,149)			
Below market lease intangibles, net	<u>(358)</u>	<u>(358)</u>	<u>(358)</u>			
	<u>\$ 117,461</u>	<u>\$ 121,657</u>	<u>\$ 115,296</u>			

⁽¹⁾ EBITDARM, EBITDAR and their respective CFC are not presented for the disaggregated HCR ManorCare senior housing and post-acute/skilled nursing portfolios as the combined portfolio is cross-collateralized under a single master lease with a corporate guaranty. See HCR ManorCare Leased Portfolio Summary on page 19 of this report. Additionally, EBITDARM, EBITDAR and their respective CFC are not presented for the 21 properties operated under a RIDEA structure.

⁽²⁾ Occupancy, EBITDARM, EBITDAR, and their respective CFC are not presented for the 133 properties purchased under the Blackstone JV acquisition as the requisite number of historical periods required to calculate CFC have not occurred.

⁽³⁾ Amounts are presented as originally reported, without giving effect to discontinued operations and other reclassifications.

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Owned Post-Acute/Skilled Nursing Portfolio

As of and for the quarter ended March 31, 2013, dollars in thousands

Investments

Leased Properties	Property		NOI	Average Age	Beds	Occupancy %	EBITDARM ⁽¹⁾		EBITDAR ⁽¹⁾	
	Count	Investment		(Years)			Amount	CFC	Amount	CFC
Operating leases	44	\$ 242,871	\$ 8,960	28	5,107	84.5	\$ 73,868	2.01 x	\$ 54,586	1.48 x
HCR ManorCare DFLs ⁽¹⁾	268	5,460,652	126,496	34	36,431	85.7	N/A	N/A	N/A	N/A
Leased properties	312	\$ 5,703,523	\$ 135,456	34	41,538	85.5				

Debt Investments	Investment	Interest Income	EBITDA	
			Amount	DSC
Four Seasons Health Care ⁽²⁾	\$ 208,214	\$ 6,661	N/A	N/A
Tandem/LaVie	98,211	3,096	\$ 22.1	1.74 x
Other	7,912	228	N/A	N/A
	<u>314,337</u>	<u>9,985</u>		
Total	\$ 6,017,860	\$ 145,441		

Operator Concentration

Operator	Properties		Investment		NOI and Interest Income		Beds	Occupancy %	EBITDARM CFC ⁽¹⁾	EBITDAR CFC ⁽¹⁾
	Count	% Pooled	Amount	%	Amount	%				
HCR ManorCare ⁽¹⁾	268	100	\$ 5,460,652	91	\$ 126,496	87	36,431	85.7	N/A	N/A
Four Seasons Health Care ⁽²⁾	—	—	208,214	3	6,661	5	—	—	N/A	N/A
Tandem/LaVie	9	100	161,311	3	4,809	3	934	94.9	2.63 x	2.13 x
Covenant Care	12	100	67,623	1	2,701	2	1,328	85.3	2.04 x	1.48 x
Kindred Healthcare	9	100	38,117	1	2,092	1	1,288	80.9	1.36 x	0.79 x
Other	14	79	81,943	1	2,682	2	1,557	80.4	2.08 x	1.61 x
	<u>312</u>	<u>99</u>	<u>\$ 6,017,860</u>	<u>100</u>	<u>\$ 145,441</u>	<u>100</u>	<u>41,538</u>	<u>85.5</u>	<u>2.01 x</u>	<u>1.48 x</u>

⁽¹⁾ EBITDARM, EBITDAR and their respective CFC are not presented for the disaggregated HCR ManorCare senior housing and post-acute/skilled nursing portfolios as the combined portfolio is cross-collateralized under a single master lease with a corporate guaranty. See HCR ManorCare Leased Portfolio Summary on page 19 of this report.

⁽²⁾ Represents £137 million translated into U.S. dollars.

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Owned Post-Acute/Skilled Nursing Portfolio

Dollars in thousands

Portfolio Trends

	Same Property Leased Portfolio ⁽¹⁾			Total Leased Portfolio ⁽¹⁾		
	As of and for the Quarter Ended			As of and for the Twelve Months Ended		
	03/31/13	12/31/12	03/31/12	03/31/13	12/31/12 ⁽²⁾	03/31/12 ⁽²⁾
Property count	312	312	312	312	312	313
Investment	\$ 5,703,523	\$ 5,669,469	\$ 5,572,193	\$ 5,703,523	\$ 5,669,469	\$ 5,579,365
Beds	41,538	41,538	41,559	41,538	41,538	41,746
3-Month Occupancy %	85.3	85.5	85.5	85.3	85.5	85.5
12-Month Occupancy %	85.5	85.6	86.8	85.5	85.6	86.8
EBITDARM	\$ 73,868	\$ 71,822	\$ 79,918	\$ 73,868	\$ 71,822	\$ 81,309
EBITDARM CFC	2.01 x	1.97 x	2.24 x	2.01 x	1.97 x	2.20 x
EBITDAR	\$ 54,586	\$ 52,701	\$ 61,154	\$ 54,856	\$ 52,701	\$ 60,749
EBITDAR CFC	1.48 x	1.45 x	1.71 x	1.48 x	1.45 x	1.64 x
Quality Mix	63.9%	64.3%	67.0%	63.9%	64.3%	67.9%
NOI:						
Rental revenues	\$ 9,482	\$ 9,523	\$ 9,294			
DFL income	126,621	126,510	124,379			
Operating expenses	(146)	129	(198)			
	135,957	136,162	133,475			
Adjusted NOI:						
Straight-line rents	(170)	(125)	(163)			
DFL interest accretion	(19,139)	(19,062)	(20,473)			
Above market lease intangibles, net	11	11	11			
	\$ 116,659	\$ 116,986	\$ 112,850			

HCR ManorCare Leased Portfolio Summary

Dollars in thousands

HCP Investment					HCR ManorCare Performance														
		As of and for the Three Months Ended March 31, 2013			For the Trailing Twelve Months Ended December 31, 2012 ⁽⁵⁾														
Investment Summary	Property Count	Investment ⁽³⁾	NOI ⁽⁴⁾	Adjusted NOI	Occupancy	Facility EBITDARM ⁽⁶⁾		Facility EBITDAR ⁽⁶⁾											
						Amount	CFC	Amount	CFC										
Assisted living	66	\$ 848,230	\$ 17,854	\$ 14,863	83.6%	N/A	N/A	N/A	N/A										
Post-acute/skilled	268	5,460,652	126,496	107,369	85.7%	N/A	N/A	N/A	N/A										
Total	334	\$ 6,308,882	\$ 144,350	\$ 122,232	85.4%	\$ 573,809	1.18 x	\$ 402,838	0.83 x										
					HCR ManorCare OpCo (guarantor) fixed charge coverage ⁽⁶⁾ <u>1.10 x</u>														
					<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3" style="border-bottom: 1px solid black;">For the Trailing Twelve Months Ended</th> </tr> <tr> <th style="border-bottom: 1px solid black;">12/31/12</th> <th style="border-bottom: 1px solid black;">09/30/12</th> <th style="border-bottom: 1px solid black;">12/31/11</th> </tr> </thead> <tbody> <tr> <td>Quality mix</td> <td>68.5%⁽⁷⁾</td> <td>68.5%</td> <td>70.4%</td> </tr> </tbody> </table>					For the Trailing Twelve Months Ended			12/31/12	09/30/12	12/31/11	Quality mix	68.5% ⁽⁷⁾	68.5%	70.4%
For the Trailing Twelve Months Ended																			
12/31/12	09/30/12	12/31/11																	
Quality mix	68.5% ⁽⁷⁾	68.5%	70.4%																

⁽¹⁾ EBITDARM, EBITDAR, their respective CFC and quality mix are not presented for the disaggregated HCR ManorCare senior housing and post-acute/skilled nursing portfolios as the combined portfolio is cross-collateralized under a single master lease with a corporate guaranty. For additional information see HCR ManorCare Leased Portfolio Summary.

⁽²⁾ Amounts are presented as originally reported, without giving effect to discontinued operations and other reclassifications.

⁽³⁾ The Company's total investment in HCR ManorCare includes accumulated DFL accretion of \$291.9 million related to HCP's equity interest in HCR ManorCare OpCo.

⁽⁴⁾ Assisted living and post-acute/skilled nursing NOI includes reductions of \$2.0 million and \$13.9 million, respectively, related to HCP's equity interest in HCR ManorCare OpCo.

⁽⁵⁾ Data that follows is not a quarter in arrears.

⁽⁶⁾ HCR ManorCare OpCo Facility EBITDARM and EBITDAR include non-cash accrual charges for general and professional liability claims. HCR ManorCare OpCo (guarantor) fixed charge coverage is based on EBITDAR that includes home health and hospice EBITDAR, corporate general and administrative expenses and non-cash accrual charges for general and professional liability claims. The fixed charges include cash rent and cash interest expense, if applicable.

⁽⁷⁾ Private-pay and Medicare revenues as a percentage of total revenues are 32.3% and 36.2% respectively.

See Reporting Definitions and Reconciliations of Non-GAAP Measures



Owned Life Science Portfolio

As of and for the quarter ended March 31, 2013, dollars and square feet in thousands

Investments

Leased Properties	Property Count	Investment	NOI	Average Age (Years)	Square Feet	Occupancy %
San Francisco	78	\$ 2,661,313	\$ 46,663	19	4,745	90.0
San Diego	21	599,871	9,683	20	1,581	91.9
Other	11	126,330	3,601	19	746	100.0
	<u>110</u>	<u>\$ 3,387,514</u>	<u>\$ 59,947</u>	19	<u>7,072</u>	91.5

Tenant Concentration

Tenant	Annualized Revenues		Square Feet	
	Amount	%	Amount	%
Amgen	\$ 42,933	18	684	11
Genentech	39,385	17	794	12
Rigel Pharmaceuticals	13,855	6	147	2
LinkedIn Corporation	13,005	6	373	6
Exelixis, Inc.	12,968	6	295	5
Google	9,298	4	290	4
Myriad Genetics	7,509	3	310	5
Takeda	6,738	3	166	3
ARUP	5,418	2	324	5
General Atomics	4,857	2	281	4
Other	78,383	33	2,806	43
	<u>\$ 234,349</u>	<u>100</u>	<u>6,470</u>	<u>100</u>

Portfolio Trends

	Same Property Leased Portfolio			Total Leased Portfolio		
	As of and for the Quarter Ended			At the Period Ended		
	03/31/13	12/31/12	03/31/12	03/31/13	12/31/12 ⁽¹⁾	03/31/12 ⁽¹⁾
Property count	101	101	101	110	109	108
Investment	\$ 3,229,742	\$ 3,226,272	\$ 3,204,642	\$ 3,387,514	\$ 3,362,298	\$ 3,331,015
Square feet	6,685	6,685	6,685	7,072	7,002	6,924
Occupancy %	92.7	92.5	91.0	91.5	91.3	89.1
NOI:						
Rental and related revenues	\$ 60,129	\$ 60,228	\$ 59,887			
Tenant recoveries	10,505	11,525	10,279			
Operating expenses	(11,794)	(13,454)	(11,687)			
	<u>\$ 58,840</u>	<u>\$ 58,299</u>	<u>\$ 58,479</u>			
Adjusted NOI:						
Straight-line rents	(3,331)	(3,060)	340			
Above market lease intangibles, net	97	110	89			
	<u>\$ 55,606</u>	<u>\$ 55,349</u>	<u>\$ 58,908</u>			

⁽¹⁾ Amounts are presented as originally reported, without giving effect to discontinued operations and other reclassifications.

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Owned Life Science Portfolio

Dollars and square feet in thousands, except dollars per square foot

Selected Lease Expirations Data (next 3 years):

Year	Total				San Francisco		San Diego		Other	
	Square Feet		Annualized Revenues		Square	Annualized	Square	Annualized	Square	Annualized
	Amount	%	Amount	%	Feet	Revenues	Feet	Revenues	Feet	Revenues
2013 ⁽¹⁾	332	5	\$ 5,981	3	213	\$ 4,016	42	\$ 1,279	77	\$ 686
2014	360	6	10,860	5	233	7,198	127	3,662	—	—
2015	669	10	22,786	10	361	12,110	308	10,676	—	—
Thereafter	5,109	79	194,722	82	3,463	153,617	977	27,679	669	13,426
	<u>6,470</u>	<u>100</u>	<u>\$ 234,349</u>	<u>100</u>	<u>4,270</u>	<u>\$ 176,941</u>	<u>1,454</u>	<u>\$ 43,296</u>	<u>746</u>	<u>\$ 14,112</u>

Leasing Activity	Leased Square Feet	Annualized Base Rent Per Square Foot	% Change In Rents	HCP Tenant Improvements Per Square Foot	Leasing Costs Per Square Foot	Average Lease Term (Months)	Retention Rate YTD
Leased Square Feet as of December 31, 2012	6,392	\$ 36.39					
Development placed in service	70	43.20					
Expirations	(105)	50.31					
Renewals, amendments and extensions	37	29.30	1.4	\$ 28.50	\$ 8.01	65	35.2
New leases and expansions	<u>76</u>	<u>25.86</u>		75.21	11.41	74	
Leased Square Feet as of March 31, 2013	<u>6,470</u>	\$ 36.22					

⁽¹⁾ Includes month-to-month and holdover leases.

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Owned Medical Office Portfolio

As of and for the quarter ended March 31, 2013, dollars and square feet in thousands

Investments

Leased Properties	Property Count	Investment	NOI	Average Age (Years)	Square Feet	Occupancy %	Healthcare System Affiliated %
On-Campus	159	\$ 2,131,045	\$ 43,209	20	11,838	90.8	100.0
Off-Campus	47	481,308	9,750	20	2,328	92.2	64.4
	<u>206</u>	<u>\$ 2,612,353</u>	<u>\$ 52,959</u>	20	<u>14,166</u>	91.0	94.2

Portfolio Trends

	Same Property Leased Portfolio			Total Leased Portfolio		
	As of and for the Quarter Ended			At the Period Ended		
	03/31/13	12/31/12	03/31/12	03/31/13	12/31/12 ⁽¹⁾	03/31/12 ⁽¹⁾
Property count	183	183	183	206	207	186
Investment	\$ 2,293,079	\$ 2,286,595	\$ 2,253,188	\$ 2,612,353	\$ 2,613,254	\$ 2,286,122
Square feet	12,669	12,669	12,623	14,166	14,274	12,950
Occupancy %	91.2	92.1	91.2	91.0	92.0	91.2
NOI:						
Rental and related revenues	\$ 66,438	\$ 67,244	\$ 66,125			
Tenant recoveries	11,231	10,651	11,545			
Operating expenses	(29,446)	(28,279)	(29,358)			
	<u>\$ 48,223</u>	<u>\$ 49,616</u>	<u>\$ 48,312</u>			
Adjusted NOI:						
Straight-line rents	(1,048)	(874)	(1,315)			
Above market lease intangibles, net	98	83	67			
Lease termination fees	—	(63)	—			
	<u>\$ 47,273</u>	<u>\$ 48,762</u>	<u>\$ 47,064</u>			

⁽¹⁾ Amounts are presented as originally reported, without giving effect to discontinued operations and other reclassifications.

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Owned Medical Office Portfolio

Square feet in thousands

Leasing Activity

	Leased Square Feet	Annualized Base Rent Per Square Foot	% Change In Rents ⁽¹⁾	HCP Tenant Improvements Per Square Foot	Leasing Costs Per Square Foot	Average Lease Term (Months)	Retention Rate YTD
Leased Square Feet as of December 31, 2012	13,131	\$ 22.64					
Redevelopment	(118)	25.04					
Expirations	(431)	24.71					
Renewals, amendments and extensions	291	23.97	3.3%	\$ 6.35	\$ 2.30	46	67.6%
New leases	32	21.89		19.52	4.09	54	
Terminations	<u>(14)</u>	21.03					
Leased Square Feet as of March 31, 2013	<u>12,891</u>	\$ 22.75					

⁽¹⁾ For comparative purposes, the calculation reflects adjustments for leases that converted to a different lease type upon renewal, amendment or extension of the original lease.

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Owned Hospital Portfolio

As of and for the quarter ended March 31, 2013, dollars in thousands

Investments

Leased Properties	Property Count	Investment	NOI	Average Age (Years)	Beds	Occupancy % ⁽¹⁾	EBITDARM ⁽¹⁾		EBITDAR ⁽¹⁾	
							Amount	CFC	Amount	CFC
Acute care	5	\$ 452,678	\$ 13,268	36	1,578	50.9	\$ 393,257	6.66 x	\$ 365,949	6.19 x
Rehab	7	99,759	2,935	22	520	63.0	35,485	3.89 x	31,064	3.40 x
Specialty	2	82,789	1,643	29	68	—	16,961	3.22 x	14,972	2.85 x
LTACH	3	35,205	2,036	19	244	51.8	8,323	1.13 x	5,257	0.71 x
	<u>17</u>	<u>\$ 670,431</u>	<u>\$ 19,882</u>	<u>27</u>	<u>2,410</u>	<u>54.4</u>	<u>\$ 454,026</u>	<u>5.62 x</u>	<u>\$ 417,242</u>	<u>5.16 x</u>

Debt Investments	Investment	Interest Income
Other	\$ 15,640	\$ —
Delphis	30,652	—
	<u>\$ 46,292</u>	<u>\$ —</u>
Total	<u>\$ 716,723</u>	<u>\$ 19,882</u>

Operator Concentration⁽²⁾

Operator ⁽¹⁾	Properties		Investment		NOI and Interest Income		Beds
	Count	% Pooled	Amount	%	Amount	%	
Tenet Healthcare	3	—	\$ 196,709	27	\$ 4,456	22	756
HCA	1	—	167,169	23	5,405	27	668
Hoag Memorial Hospital Presbyterian	1	—	88,800	12	3,408	17	154
Physicians Surgery Centers	1	—	58,809	8	1,139	6	31
HealthSouth Corporation	5	80	55,981	8	2,302	12	405
Other	6	50	149,255	22	3,172	16	396
	<u>17</u>	<u>41</u>	<u>\$ 716,723</u>	<u>100</u>	<u>\$ 19,882</u>	<u>100</u>	<u>2,410</u>

⁽¹⁾ Certain operators in HCP's hospital portfolio are not required under their respective leases to provide operational data.

⁽²⁾ Property count and beds are presented for leased properties and exclude debt investments.

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Owned Hospital Portfolio

Dollars in thousands

Portfolio Trends

	<u>Same Property Leased Portfolio</u>			<u>Total Leased Portfolio</u>		
	<u>As of and for the Quarter Ended</u>			<u>As of and for the Twelve Months Ended</u>		
	<u>03/31/13</u>	<u>12/31/12</u>	<u>03/31/12</u>	<u>03/31/13</u>	<u>12/31/12⁽¹⁾</u>	<u>03/31/12⁽¹⁾</u>
Property count	16	16	16	17	17	17
Investment	\$ 611,622	\$ 611,192	\$ 607,456	\$ 670,431	\$ 650,937	\$ 647,201
Beds	2,379	2,379	2,379	2,410	2,410	2,410
3-Month Occupancy %	53.6	53.4	51.7	53.6	53.4	51.7
12-Month Occupancy %	54.4	53.9	52.5	54.4	53.9	52.5
EBITDARM	\$ 445,231	\$ 425,336	\$ 380,530	\$ 454,026	\$ 434,570	\$ 390,744
EBITDARM CFC	5.72 x	5.48 x	4.97 x	5.62 x	5.39 x	4.91 x
EBITDAR	\$ 409,436	\$ 390,124	\$ 346,009	\$ 417,242	\$ 398,373	\$ 355,101
EBITDAR CFC	5.26 x	5.02 x	4.52 x	5.16 x	4.94 x	4.46 x
NOI:						
Rental and related revenues	\$ 19,631	\$ 20,428	\$ 18,614			
Operating expenses	(887)	(741)	(929)			
	\$ 18,744	\$ 19,687	\$ 17,685			
Adjusted NOI:						
Straight-line rents	(90)	(90)	(184)			
Below market lease intangibles, net	(192)	(193)	(192)			
	<u>\$ 18,462</u>	<u>\$ 19,404</u>	<u>\$ 17,309</u>			

⁽¹⁾ Amounts are presented as originally reported, without giving effect to discontinued operations and other reclassifications.

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Investment Management Platform

As of and for the quarter ended March 31, 2013, dollars and square feet in thousands

Unconsolidated Institutional Joint Ventures	Primary Segment	Date Established/ Acquired	HCP's Ownership Percentage	Joint Venture's Investment	Joint Venture's Mortgage Debt	HCP's Net Equity Investment ⁽¹⁾	HCP's Investment Management Fee Income	Initial Term (in years)
HCP Ventures III	Medical office	October-06	30% ⁽²⁾	\$ 144,453	\$ 91,730	\$ 7,410	\$ 99	10
HCP Ventures IV	Medical office	April-07	20%	668,397	377,545	31,480	343	10
HCP Life Science	Life science	August-07	50%-63%	144,767	2,098	68,287	1	97-98
				<u>\$ 957,617</u>	<u>\$ 471,373</u>	<u>\$ 107,177</u>	<u>\$ 443</u>	

Selected Financial Data⁽³⁾

	Three Months Ended March 31, 2013	
	Medical Office	Life Science
Total revenues	\$ 19,095	\$ 2,738
Operating expenses	(8,163)	(460)
NOI	\$ 10,932	\$ 2,278
Depreciation and amortization	(7,196)	(402)
General and administrative	(701)	(13)
Interest expense and other	(7,060)	(48)
Net income (loss)	\$ (4,025)	\$ 1,815
Depreciation and amortization	7,196	402
FFO	\$ 3,171	\$ 2,217
Amortization of above and below market lease intangibles, net	(163)	—
Amortization of deferred financing costs, net	212	7
Straight-line rents	(377)	43
Leasing costs and tenant and capital improvements	(2,836)	(1,284)
FAD	\$ 7	\$ 983
HCP's pro rata share of net income (loss)	\$ (824)	\$ 1,058
HCP's pro rata share of FFO	\$ 745	\$ 1,279
HCP's pro rata share of FAD	\$ 70	\$ 507

HCP Ventures III	Property Count	Investment	NOI	Adjusted NOI	Average Age (Years)	Capacity	Occupancy % ⁽⁴⁾
Medical office:							
On-Campus	9	\$ 110,080	\$ 2,117	\$ 2,032	12	619 Sq. Ft.	89.2
Off-Campus	4	34,373	582	612	12	183 Sq. Ft.	91.2
	<u>13</u>	<u>\$ 144,453</u>	<u>\$ 2,699</u>	<u>\$ 2,644</u>	12	<u>802 Sq. Ft.</u>	89.7
HCP Ventures IV							
Medical office:							
On-Campus	22	\$ 220,367	\$ 2,721	\$ 2,645	24	1,100 Sq. Ft.	77.2
Off-Campus	31	366,647	4,643	4,348	21	1,487 Sq. Ft.	85.0
Hospital							
LTACH/Specialty	4	81,383	869	755	8	149 Beds	N/A
	<u>57</u>	<u>\$ 668,397</u>	<u>\$ 8,233</u>	<u>\$ 7,748</u>	21		
HCP Life Science							
San Francisco	2	\$ 74,700	\$ 1,183	\$ 1,297	16	147 Sq. Ft.	100.0
San Diego	2	70,067	1,095	1,024	17	131 Sq. Ft.	90.3
	<u>4</u>	<u>\$ 144,767</u>	<u>\$ 2,278</u>	<u>\$ 2,321</u>	16	<u>278 Sq. Ft.</u>	95.4
Total	<u>74</u>	<u>\$ 957,617</u>	<u>\$ 13,210</u>	<u>\$ 12,713</u>			

⁽¹⁾ The carrying value of investments in unconsolidated joint ventures is based on the amount the Company paid to purchase the joint venture interest, which is different from the Company's capital balance as reflected at the joint venture level as the records of the unconsolidated joint venture are reflected at their historical cost. These differences in basis are generally amortized over the lives of the related assets and liabilities and included in the Company's share of equity in earnings of the respective joint venture.

⁽²⁾ The Company owns an 85% interest in HCP Birmingham Portfolio LLC, which owns a 30% interest in HCP Ventures III.

⁽³⁾ Financial information is combined by primary segment of each joint venture (i.e., HCP Ventures III and HCP Ventures IV are combined under the medical office column).

⁽⁴⁾ Certain operators in HCP's hospital portfolio are not required under their respective leases to provide operational data.

See Reporting Definitions and Reconciliations of Non-GAAP Measures

Reporting Definitions and Reconciliations of Non-GAAP Measures

Adjusted Fixed Charge Coverage. Adjusted EBITDA divided by Fixed Charges. The Company uses Adjusted Fixed Charge Coverage, a non-GAAP financial measure, as a measure of liquidity. The Company believes Adjusted Fixed Charge Coverage provides investors, particularly fixed income investors, relevant and useful information because it measures the Company's ability to meet its interest payments on outstanding debt and pay dividends to its preferred stockholders. The Company's various debt agreements contain covenants that require the Company to maintain ratios similar to Adjusted Fixed Charge Coverage, and credit rating agencies utilize similar ratios in evaluating and determining the credit rating on certain debt instruments of the Company. However, since this ratio is derived from Adjusted EBITDA and Fixed Charges, its usefulness is limited by the same factors that limit the usefulness of Adjusted EBITDA and Fixed Charges. Further, the Company's computation of Adjusted Fixed Charge Coverage may not be comparable to similar fixed charge coverage ratios reported by other companies. The Company has provided reconciliations of this measure to the most comparable GAAP measure in this supplemental information package and for certain historical trend information on page 6, such reconciliations are available in the Company's Current Reports on Form 8-K filed with the SEC dated February 12, 2013 (2012 metrics), February 14, 2012 (2011 metrics), February 15, 2011 (2010 metrics), February 12, 2010 (2009 metrics), February 10, 2009 (2008 metrics), February 11, 2008 (2008 and 2007 metrics) and July 30, 2007 (Pre-CNL Acquisition metrics).

The following table details the calculation of Adjusted Fixed Charge Coverage (dollars in thousands):

	Three Months Ended March 31,	
	2013	2012
Adjusted EBITDA	\$ 453,527	\$ 390,946
Interest expense:		
Continuing operations	\$ 109,351	\$ 103,752
Discontinued operations	—	816
HCP's share of interest expense from the Investment Management Platform	1,583	1,553
Capitalized interest	4,111	6,683
Preferred stock dividends	—	6,574
Fixed charges	\$ 115,045	\$ 119,378
Adjusted fixed charge coverage	3.9x	3.3x

Annualized Revenues. The most recent month's (or subsequent month's if acquired in the most recent month) base rent including additional rent floors, cash income from direct financing leases and/or interest income annualized for 12 months. Annualized revenues for operating properties under a RIDEA structure are calculated based on the most recent quarter's NOI annualized for 12 months. Annualized revenues do not include tenant recoveries, additional rents in excess of floors and non-cash revenue adjustments (i.e., straight-line rents, amortization of above and below market lease intangibles, DFL interest accretion and deferred revenues). The Company uses annualized revenues for the purpose of determining Operator/Tenant Diversification, Lease Expirations and Debt Investment Maturities. Annualized revenues for properties classified as held for sale are excluded.

Assets Held for Sale. Assets of discontinued operations in accordance with Accounting Standards Codification Topic 360.

Assisted Living Facility ("ALF"). A senior housing facility that predominantly consists of assisted living units is classified by the Company as an ALF.

Cash Flow Coverage ("CFC"). Facility EBITDAR or Facility EBITDARM for the trailing 12 months and one quarter in arrears from the date reported divided by the Same Period Rent. Cash Flow Coverage is a supplemental measure of a property's ability to generate cash flows for the operator/tenant (not the Company) to meet the operator's/tenant's related rent and other obligations to the Company. However, its usefulness is limited by, among other things, the same factors that limit the usefulness of Facility EBITDAR or Facility EBITDARM. The coverages shown exclude newly completed facilities under lease-up, vacant facilities and facilities for which data is not available or meaningful.

Consolidated Assets. Total assets as reported in the Company's consolidated financial statements.

Consolidated Debt. The carrying amount of bank line of credit, bridge and term loans (if applicable), senior unsecured notes, mortgage debt and other debt as reported in the Company's consolidated financial statements.

Consolidated Gross Assets. The carrying amount of total assets, excluding investments in and advances to unconsolidated joint ventures, after adding back accumulated depreciation and amortization, as reported in the Company's consolidated financial statements.

Consolidated Secured Debt. Mortgage and other debt secured by real estate, as reported in the Company's consolidated financial statements.

Continuing Care Retirement Community ("CCRC"). A senior housing facility which provides at least three levels of care (i.e., independent living, assisted living and skilled nursing) is classified by the Company as a CCRC.

Debt Investments. Loans secured by a direct interest in real estate and mezzanine loans.

Debt Service. The periodic payment of interest expense and principal amortization on secured loans.

Debt Service Coverage ("DSC"). Facility EBITDA for the trailing three months and one quarter in arrears divided by Debt Service for the comparable period. Debt Service Coverage is a supplemental measure of the borrower's ability to generate sufficient liquidity to meet their obligations to the Company under the respective loan agreements. However, its usefulness is limited by the same factors that limit the usefulness of Facility EBITDA.

Development. Includes ground-up construction and redevelopments.

Direct Financing Lease ("DFL"). The Company uses the direct finance method of accounting to record income from DFLs. For leases accounted for as DFLs, future minimum lease payments are recorded as a receivable. The difference between the future minimum lease payments and the estimated residual values less the cost of the properties is recorded as unearned income. Unearned income is deferred and amortized to income over the lease terms to provide a constant yield.

Estimated Completion Date. For development projects, management's estimate of the date the core and shell structure improvements are expected to be completed. For redevelopment projects, management's estimate of the time in which major construction activity in relation to the scope of the project has been or will be substantially completed.

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EBITDA and Adjusted EBITDA. The real estate industry uses earnings before interest, taxes, depreciation and amortization (“EBITDA”), a non-GAAP financial measure, as a measure of both operating performance and liquidity. Adjusted EBITDA is calculated as EBITDA excluding impairments, gains or losses from real estate dispositions, and litigation settlement charge. The Company uses EBITDA and Adjusted EBITDA to measure both its operating performance and liquidity. The Company considers Adjusted EBITDA to provide investors relevant and useful information because it permits investors to view income from its operations on an unleveraged basis before the effects of taxes, non-cash depreciation and amortization, impairments, impairment recoveries, and gains or losses from real estate dispositions. By excluding interest expense, Adjusted EBITDA allows investors to measure the Company’s operating performance independent of its capital structure and indebtedness and, therefore, allows for a more meaningful comparison of its operating performance between quarters as well as annual periods and to compare its operating performance to that of other companies, both in the real estate industry and in other industries. As a liquidity measure, the Company believes that EBITDA and Adjusted EBITDA help investors analyze the Company’s ability to meet its interest payments on outstanding debt and to make preferred dividend payments. The Company believes investors should consider EBITDA and Adjusted EBITDA, in conjunction with net income (the primary measure of the Company’s performance) and the other required GAAP measures of its performance and liquidity, to improve their understanding of the Company’s operating results and liquidity, and to make more meaningful comparisons of its performance between periods and against other companies. EBITDA and Adjusted EBITDA have limitations as analytical tools and should be used in conjunction with the Company’s required GAAP presentations. EBITDA and Adjusted EBITDA do not reflect the Company’s historical cash expenditures or future cash requirements for capital expenditures or contractual commitments. While Adjusted EBITDA is a relevant and widely used measure of operating performance and liquidity, it does not represent net income or cash flow from operations as defined by GAAP, and it should not be considered as an alternative to those indicators in evaluating operating performance or liquidity. Further, the Company’s computation of EBITDA and Adjusted EBITDA may not be comparable to similar measures reported by other companies.

The following table reconciles Adjusted EBITDA from net income (in thousands):

	Three Months Ended March 31,	
	2013	2012
Net income	\$ 233,784	\$ 196,564
Interest expense:		
Continuing operations	109,351	103,752
Discontinued operations	—	816
Income taxes:		
Continuing operations	881	(709)
Discontinued operations	—	103
Depreciation and amortization of real estate, in-place lease and other intangibles:		
Continuing operations	104,717	85,280
Discontinued operations	—	2,996
Equity income from unconsolidated joint ventures	(14,801)	(13,675)
HCP’s share of EBITDA from the Investment Management Platform	3,607	3,820
Other joint venture adjustments	15,988	14,855
EBITDA	<u>\$ 453,527</u>	<u>\$ 393,802</u>
Gain on sales of real estate	—	(2,856)
Adjusted EBITDA	<u>\$ 453,527</u>	<u>\$ 390,946</u>

Facility EBITDA (“EBITDA”). Earnings before interest, taxes, depreciation and amortization for a particular facility (not the Company), for the trailing three months and one quarter in arrears from the date reported. The Company uses Facility EBITDA in determining Debt Service Coverage. Facility EBITDA has limitations as an analytical tool. Facility EBITDA does not reflect historical cash expenditures or future cash requirements for capital expenditures or contractual commitments. In addition, Facility EBITDA does not represent a borrower’s net income or cash flow from operations and should not be considered an alternative to those indicators. However, the Company receives periodic financial information from borrowers regarding the performance under the loan agreement. The Company utilizes Facility EBITDA as a supplemental measure of the borrower’s ability to generate sufficient liquidity to meet their obligations to the Company. Facility EBITDA includes a management fee as specified in the borrower loan agreements with the Company. All borrower financial performance data was derived solely from information provided by borrowers without independent verification by the Company.

Facility EBITDAR (“EBITDAR”). Earnings before interest, taxes, depreciation, amortization and rent for a particular facility accruing to the operator/tenant of the property (the Company as lessor), for the trailing 12 months and one quarter in arrears from the date reported. The Company uses Facility EBITDAR in determining Cash Flow Coverage. Facility EBITDAR has limitations as an analytical tool. Facility EBITDAR does not reflect historical cash expenditures or future cash requirements for facility capital expenditures or contractual commitments. In addition, Facility EBITDAR does not represent a property’s net income or cash flow from operations and should not be considered an alternative to those indicators. However, the Company receives periodic financial information from operators/tenants regarding the performance of the Company’s facilities under the operator’s/tenant’s management. The Company utilizes Facility EBITDAR as a supplemental measure of the ability of those properties to generate sufficient liquidity to meet related obligations to the Company. Facility EBITDAR includes the greater of (i) contractual management fees or (ii) an imputed management fee of 5% for senior housing facilities and post-acute/skilled nursing facilities and 2% for acute care hospitals which the Company believes represents typical management fees in their respective industries. All facility financial performance data was derived solely from information provided by operators/tenants without independent verification by the Company.

Facility EBITDARM (“EBITDARM”). Earnings before interest, taxes, depreciation, amortization, rent and management fees for a particular facility accruing to the operator/tenant of the property (the Company as lessor), for the trailing 12 months and one quarter in arrears from the date reported. The Company uses Facility EBITDARM in determining Cash Flow Coverage. Facility EBITDARM has limitations as an analytical tool. Facility EBITDARM does not reflect historical cash expenditures or future cash requirements for facility capital expenditures or contractual commitments. In addition, Facility EBITDARM does not represent a property’s net income or cash flow from operations and should not be considered an alternative to those indicators. However, the Company receives periodic financial information from operators/tenants regarding the performance of the Company’s facilities under the operator’s/tenant’s management. The Company utilizes Facility EBITDARM as a supplemental

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measure of the ability of those properties to generate sufficient liquidity to meet related obligations to the Company. All facility financial performance data was derived solely from information provided by operators/tenants without independent verification by the Company.

Financial Leverage. Total Debt divided by Total Gross Assets. The Company believes that its Financial Leverage is a meaningful supplemental measure of its financial position, which enables both management and investors to analyze its leverage and to compare its leverage to that of other companies. The Company believes that the ratio of Consolidated Debt to Consolidated Gross Assets is the most directly comparable GAAP measure to Financial Leverage. The Company's computation of its Financial Leverage may not be comparable to the computations of financial leverage reported by other companies. The Company's pro rata share of total debt from the Investment Management Platform is not intended to reflect its actual liability or ability to access assets should there be a default under any or all such loans or a liquidation of the joint ventures. The Company has provided reconciliations of this measure to the most comparable GAAP measure in this supplemental information package and for certain historical trend information on page 6, such reconciliations are available in the Company's Current Reports on Form 8-K filed with the SEC dated February 12, 2013 (2012 metrics), February 14, 2012 (2011 metrics), February 15, 2011 (2010 metrics), February 12, 2010 (2009 metrics), February 10, 2009 (2008 metrics), February 11, 2008 (2008 and 2007 metrics) and July 30, 2007 (Pre-CNL Acquisition metrics).

Fixed Charges. Total interest expense plus capitalized interest plus preferred stock dividends. The Company uses Fixed Charges to measure its interest payments on outstanding debt and dividends to its preferred stockholders for purposes of presenting Fixed Charge Coverage and Adjusted Fixed Charge Coverage. However, the usefulness of Fixed Charges is limited as, among other things, it does not include all contractual obligations. The Company's computation of Fixed Charges should not be considered an alternative to fixed charges as defined by Item 503(d) of Regulation S-K and may not be comparable to fixed charges reported by other companies.

Funds Available for Distribution ("FAD"). Funds Available for Distribution is defined as FFO as adjusted after excluding the impact of the following: (i) amortization of acquired above/below market lease intangibles, net; (ii) amortization of deferred compensation expense; (iii) amortization of deferred financing costs, net; (iv) straight-line rents; (v) accretion and depreciation related to DFLs; and (vi) deferred revenues. Further, FAD is computed after deducting recurring capital expenditures, including leasing costs and second generation tenant and capital improvements, and includes similar adjustments to compute the Company's share of FAD from its unconsolidated joint ventures. Other real estate investment trusts ("REITs") or real estate companies may use different methodologies for calculating FAD, and accordingly, the Company's FAD may not be comparable to those reported by other REITs. Although the Company's FAD computation may not be comparable to that of other REITs, management believes FAD provides a meaningful supplemental measure of the Company's ability to fund its ongoing dividend payments. In addition, management believes that in order to further understand and analyze the Company's liquidity, FAD should be compared with net cash flows from operating activities as determined in accordance with GAAP and presented in its consolidated financial statements. FAD does not represent cash generated from operating activities determined in accordance with GAAP, and FAD should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of the Company's performance, as an alternative to net cash flows from operating activities (determined in accordance with GAAP), or as a measure of the Company's liquidity.

Funds From Operations ("FFO"). The Company believes that net income as defined by GAAP is the most appropriate earnings measure. The Company also believes that Funds From Operations, or FFO, as defined by the National Association of Real Estate Investment Trusts ("NAREIT"), FFO applicable to common shares, Diluted FFO applicable to common shares, and Basic and Diluted FFO per common share are important non-GAAP supplemental measures of operating performance for a REIT. Because the historical cost accounting convention used for real estate assets utilizes straight-line depreciation (except on land), such accounting presentation implies that the value of real estate assets diminishes predictably over time. However, since real estate values have historically risen or fallen with market and other conditions, presentations of operating results for a REIT that use historical cost accounting for depreciation could be less informative. Thus, NAREIT created FFO as a supplemental measure of operating performance for REIT that excludes historical cost depreciation and amortization, among other items, from net income, as defined by GAAP. FFO is defined as net income (determined in accordance with GAAP), excluding gains or losses from acquisition and dispositions of depreciable real estate or related interests, impairments of, or related to, depreciable real estate, plus real estate and DFL depreciation and amortization, with adjustments to derive the Company's pro rata share of FFO from consolidated and unconsolidated joint ventures. Adjustments for joint ventures are calculated to reflect FFO on the same basis. The Company believes that the use of FFO, combined with the required GAAP presentations, improves the understanding of operating results of REITs among investors and makes comparisons of operating results among such companies more meaningful. The Company considers FFO to be a useful measure for reviewing comparative operating and financial performance because, by excluding gains or losses related to sales of previously depreciated operating real estate assets and real estate and DFL depreciation and amortization, FFO can help investors compare the operating performance of a REIT between periods or as compared to other companies. While FFO is a relevant and widely used measure of operating performance of REITs, it does not represent cash flows from operations or net income as defined by GAAP and should not be considered an alternative to those measures in evaluating the Company's liquidity or operating performance. FFO also does not consider the costs associated with capital expenditures related to the Company's real estate assets, nor is FFO necessarily indicative of cash available to fund the Company's future cash requirements. The Company's computation of FFO may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently from the Company. For a reconciliation of FFO to net income, please refer to the slide in this supplemental information package captioned "Consolidated Funds From Operations."

FFO as adjusted represents FFO before the impact of litigation settlement charges, preferred stock redemption charges, impairments (recoveries) of non-depreciable assets and merger-related items. Merger-related items include estimated acquisition pursuit costs that consist primarily of professional fees and the impact of common stock offerings which increase the weighted average shares outstanding, when such proceeds will be used to fund a portion of the cash consideration of the Company's pending acquisitions. Management believes FFO as adjusted is a useful alternative measurement. This measure is a modification of the NAREIT definition of FFO and should not be used as an alternative to net income (determined in accordance with GAAP).

FAD Payout Ratio. Dividends declared per common share divided by Diluted FAD per common share for a given period. The Company believes the FAD Payout Ratio per Common Share provides investors relevant and useful information because it measures the portion of FAD being declared as dividends to common stockholders. FAD Payout Ratio per Common Share is subject to the same limitations noted in the definition of FAD above.

FFO Payout Ratio. Dividends declared per common share divided by Diluted FFO per common share for a given period. The Company believes the FFO Payout Ratio per Common Share provides investors relevant and useful information because it measures the portion of FFO being declared as dividends to common stockholders. FFO Payout Ratio per Common Share is subject to the same limitations noted in the definition of FFO above.

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HCP Life Science. Includes three unconsolidated joint ventures between the Company and an institutional capital partner for which the Company is the managing member. HCP Life Science includes the following partnerships: (i) Torrey Pines Science Center LP (50%), (ii) Britannia Biotech Gateway LP (55%) and (iii) LASDK LP (63%). The unconsolidated joint ventures were acquired as part of the Company's purchase of Slough Estates USA Inc. on August 1, 2007.

HCP Ventures III. An unconsolidated joint venture formed on October 27, 2006 between the Company and an institutional capital partner, for which the Company is the managing member and has an effective 25.5% interest.

HCP Ventures IV. An unconsolidated joint venture formed on April 30, 2007 between the Company and an institutional capital partner, for which the Company is the managing member and has a 20% interest.

Healthcare System Affiliated. Represents properties that are on-campus or adjacent to a healthcare system and properties that are leased 50% or more to a healthcare system.

Independent Living Facility ("ILF"). A senior housing facility that predominantly consists of independent living units.

Investment. Represents (i) the carrying amount of real estate assets, including intangibles, after adding back accumulated depreciation and amortization, excluding assets held for sale and classified as discontinued operations and (ii) the carrying amount of DFLs and debt investments.

Investment Management Platform. Includes the following unconsolidated joint ventures: (i) HCP Life Science, (ii) HCP Ventures III and (iii) HCP Ventures IV.

Life Science. Laboratory and office space primarily for biotechnology and pharmaceutical companies, scientific research institutions, government agencies and other entities involved in the life science industry.

Long-Term Acute Care Hospitals ("LTACHs"). LTACHs provide care for patients with complex medical conditions that require longer stays and more intensive care, monitoring or emergency back-up than that available in most skilled nursing-based programs.

Net Operating Income from Continuing Operations ("NOI"). A non-GAAP supplemental financial measure used to evaluate the operating performance of real estate properties and SPP. The Company defines NOI as rental and related revenues, including tenant recoveries, resident fees and services, and income from DFLs, less property level operating expenses. NOI excludes interest income, investment management fee income, interest expense, depreciation and amortization, general and administrative expenses, litigation settlement, impairments, impairment recoveries, other income, net, income taxes, equity income from and impairments of unconsolidated joint ventures, and discontinued operations. The Company believes NOI provides investors relevant and useful information because it reflects only income and operating expense items that are incurred at the property level and presents them on an unleveraged basis. Adjusted NOI is calculated as NOI eliminating the effects of straight-line rents, DFL accretion, amortization of above and below market lease intangibles, and lease termination fees. Adjusted NOI is sometimes referred to as "cash NOI." The Company uses NOI and adjusted NOI to make decisions about resource allocations, to assess and compare property level performance, and evaluate SPP. The Company believes that net income is the most directly comparable GAAP measure to NOI. NOI should not be viewed as an alternative measure of operating performance to net income (determined in accordance with GAAP) since it does not reflect the aforementioned excluded items. Further, NOI may not be comparable to that of other REITs, as they may use different methodologies for calculating NOI.

The following table reconciles NOI from net income (in thousands):

	Three Months Ended March 31,	
	2013	2012
Net income	\$ 233,784	\$ 196,564
Interest income	(12,386)	(819)
Investment management fee income	(443)	(493)
Interest expense	109,351	103,752
Depreciation and amortization	104,717	85,280
General and administrative	20,744	20,089
Other income, net	(12,012)	(436)
Income taxes	881	(709)
Equity income from unconsolidated joint ventures	(14,801)	(13,675)
Total discontinued operations	—	(2,371)
NOI	\$ 429,835	\$ 387,182
Straight-line rents	(18,793)	(9,927)
DFL accretion	(24,170)	(25,622)
Amortization of above and below market lease intangibles, net	(78)	(697)
Lease termination fees	—	(148)
NOI adjustments related to discontinued operations	—	626
Adjusted NOI	\$ 386,794	\$ 351,414

Occupancy. For life science facilities and medical office buildings, occupancy represents the percentage of total rentable square feet leased where rental payments have commenced, including month-to-month leases, as of the end of the period reported. For senior housing leased facilities, post-acute/skilled nursing facilities and hospitals, occupancy represents the facilities' average operating occupancy for the trailing three-month and 12-month periods and one quarter in arrears from the date reported. For operating properties under a RIDEA structure, occupancy represents the facilities' average operating occupancy for the period presented. The percentages are calculated based on units, licensed beds and available beds for senior housing facilities, post-acute/skilled nursing facilities and hospitals, respectively. The percentages shown exclude newly completed facilities under lease-up, vacant facilities and facilities for which data is not available or meaningful. All facility financial performance data was derived solely from information provided by operators/tenants and borrowers without independent verification by the Company.

Owned Portfolio. Represents owned properties subject to operating leases and DFLs, properties operated under a RIDEA structure and debt investments, and excludes properties under development, including redevelopment, land held for development and real estate owned by the Company's unconsolidated joint ventures.

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Pooled Leases. Two or more leases to the same operator/tenant or their subsidiaries under which their obligations are combined by virtue of a master lease or multiple master leases, a pooling agreement or multiple pooling agreements, or cross-guaranties. For example, Sunrise Senior Living percentage pooled consists of 47 assets under 6 separate pools.

Quality Mix. Represents non-Medicaid revenues as a percent of total revenues for the trailing 12 months and is one quarter in arrears from the period presented.

Redevelopment Projects. Properties that require significant capital expenditures (generally more than 25% of acquisition cost or existing basis) to achieve stabilization or to change the use of the properties.

Rehabilitation Hospitals ("Rehab"). Rehabilitation hospitals provide inpatient and outpatient care for patients who have sustained traumatic injuries or illnesses, such as spinal cord injuries, strokes, head injuries, orthopedic problems, work-related disabilities and neurological diseases.

Rental and RIDEA Revenues. Represents rental and related revenues, tenant recoveries, resident fees and services, and income from direct financing leases.

Retention Rate. Represents the ratio of total renewed square feet to the total square feet expiring and available for lease, excluding the square feet for tenant leases terminated for default or buy-out prior to the expiration of their lease.

RIDEA. The Housing and Economic Recovery Act of 2008 (commonly referred to as "RIDEA").

Same Period Rent. The base rent plus additional rent due to the Company over the trailing 12 months and one quarter in arrears from the date reported. The Company uses Same Period Rent for purposes of determining property-level Cash Flow Coverage.

Same Property Portfolio ("SPP"). SPP statistics allow management to evaluate the performance of the Company's real estate portfolio under a consistent population, which eliminates the changes in the composition of the Company's portfolio of properties. The Company identifies its SPP as stabilized properties that remained in operations and were consistently reported as leased properties or operating properties (RIDEA) for the duration of the year-over-year comparison periods presented. Accordingly, it takes a stabilized property a minimum of 12 months in operations under a consistent reporting structure to be included in the Company's SPP. SPP NOI excludes certain non-property specific operating expenses that are allocated to each operating segment on a consolidated basis.

Secured Debt Ratio. Total Secured Debt divided by Total Gross Assets. The Company believes that its Secured Debt Ratio is a meaningful supplemental measure of its financial position, which enables both management and investors to analyze its leverage and to compare its leverage to that of other companies. The Company believes that the ratio of Consolidated Secured Debt to Consolidated Gross Assets is the most directly comparable GAAP measure to Secured Debt Ratio. The Company's computation of its Secured Debt Ratio may not be comparable to the computations of Secured Debt Ratio reported by other companies. The Company's pro rata share of total secured debt from the Investment Management Platform is not intended to reflect its actual liability or ability to access assets should there be a default under any or all such loans or a liquidation of the joint ventures. The Company has provided reconciliations of this measure to the most comparable GAAP measure in this supplemental information package and for certain historical trend information on page 6, such reconciliations are available in the Company's Current Reports on Form 8-K filed with the SEC dated February 12, 2013 (2012 metrics), February 14, 2012 (2011 metrics), February 15, 2011 (2010 metrics), February 12, 2010 (2009 metrics), February 10, 2009 (2008 metrics), February 11, 2008 (2008 and 2007 metrics) and July 30, 2007 (Pre-CNL Acquisition metrics).

Senior Housing. ALFs, ILFs and CCRCs.

Specialty Hospitals. Specialty hospitals are licensed as acute care hospitals but focus on providing care in specific areas such as cardiac, orthopedic and women's conditions, or specific procedures such as surgery, and are less likely to provide emergency services.

Square Feet. The square footage for properties, excluding square footage for development or redevelopment properties prior to completion.

Stabilized. Newly acquired operating assets are generally considered stabilized at the earlier of lease-up (typically when the tenant(s) controls the physical use of 80% of the space) or 12 months from the acquisition date. Newly completed developments, including redevelopments, are considered stabilized at the earlier of lease-up or 24 months from the date the property is placed in service.

Total Debt. Consolidated Debt at book value plus the Company's pro rata share of total debt from the Investment Management Platform.

Total Gross Assets. Consolidated Gross Assets plus the Company's pro rata share of total assets from the Investment Management Platform, after adding back accumulated depreciation and amortization.

The following table details the calculation of Total Gross Assets (in thousands):

	March 31, 2013	December 31, 2012	March 31, 2012
Consolidated total assets	\$ 19,732,731	\$ 19,915,555	\$ 17,725,319
Investments in and advances to unconsolidated joint ventures	(209,810)	(212,213)	(220,311)
Accumulated depreciation and amortization	2,082,138	1,980,839	1,716,556
Accumulated depreciation and amortization from assets held for sale	—	—	26,736
Consolidated gross assets	\$ 21,605,059	\$ 21,684,181	\$ 19,248,300
HCP's share of unconsolidated total assets ⁽¹⁾	274,460	270,744	268,824
HCP's share of unconsolidated accumulated depreciation and amortization ⁽¹⁾	47,492	46,212	41,667
Total gross assets	\$ 21,927,011	\$ 22,001,137	\$ 19,558,791

⁽¹⁾ Reflects the Company's pro rata share of amounts from the Investment Management Platform and its equity interest in HCR ManorCare OpCo.

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Total Market Capitalization. Total Debt plus Total Market Equity.

Total Market Equity. The total number of outstanding shares of the Company's common stock multiplied by the closing price per share of its common stock on the New York Stock Exchange as of period end, plus the total number of convertible partnership units multiplied by the closing price per share of its common stock on the New York Stock Exchange as of period end (adjusted for stock splits), plus the total number of outstanding shares of the Company's preferred stock multiplied by the closing price of its preferred stock on the New York Stock Exchange as of period end.

Total Secured Debt. Consolidated Secured Debt plus the Company's pro rata share of mortgage debt from the Investment Management Platform.

Units/Square Feet/Beds. Senior housing facilities are measured in units (e.g., studio, one or two bedroom units). Life science facilities and medical office buildings are measured in square feet. Post-acute/skilled nursing facilities and hospitals are measured in licensed bed count.

Yield. Yield is calculated as Net Operating Income, as adjusted, divided by Investment. For acquisitions, initial yields are calculated as projected Net Operating Income, 12 months forward, as adjusted, as of the closing date divided by total acquisition cost basis. The total acquisition cost basis includes the initial purchase price, the effects of adjusting assumed debt to market, lease intangible adjustments and all transaction costs.