

HCP, INC.
Form 10-Q
November 04, 2013
Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2013.

OR

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

For the transition period from to

Commission file number 001-08895

HCP, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

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

3760 Kilroy Airport Way, Suite 300

Long Beach, CA 90806

(Address of principal executive offices)

(562) 733-5100

(Registrant's telephone number, including area code)

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

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

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

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

Large Accelerated Filer x

Accelerated Filer o

Non-accelerated Filer o

Smaller Reporting Company o

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(Do not check if a smaller reporting company)

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

As of October 25, 2013, there were 456,271,507 shares of the registrant s \$1.00 par value common stock outstanding.

Table of Contents

HCP, INC.

INDEX

PART I. FINANCIAL INFORMATION

Item 1.	Financial Statements:	
	<u>Condensed Consolidated Balance Sheets</u>	3
	<u>Condensed Consolidated Statements of Income</u>	4
	<u>Condensed Consolidated Statements of Comprehensive Income</u>	5
	<u>Condensed Consolidated Statements of Equity</u>	6
	<u>Condensed Consolidated Statements of Cash Flows</u>	7
	<u>Notes to the Condensed Consolidated Financial Statements</u>	8
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	26
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	42
<u>Item 4.</u>	<u>Controls and Procedures</u>	43
	<u>PART II. OTHER INFORMATION</u>	
<u>Item 1A.</u>	<u>Risk Factors</u>	44
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	44
<u>Item 5.</u>	<u>Other Information</u>	44
<u>Item 6.</u>	<u>Exhibits</u>	45
<u>Signatures</u>		47

Table of Contents

HCP, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

(Unaudited)

	September 30, 2013	December 31, 2012
ASSETS		
Real estate:		
Buildings and improvements	\$ 10,530,094	\$ 10,330,668
Development costs and construction in progress	247,268	236,864
Land	1,841,333	1,833,607
Accumulated depreciation and amortization	(1,918,842)	(1,661,572)
Net real estate	10,699,853	10,739,567
Net investment in direct financing leases	6,993,352	6,881,393
Loans receivable, net	390,803	276,030
Investments in and advances to unconsolidated joint ventures	206,004	212,213
Accounts receivable, net of allowance of \$1,843 and \$1,668, respectively	27,343	34,150
Cash and cash equivalents	49,414	247,673
Restricted cash	48,224	37,848
Intangible assets, net	507,754	552,540
Real estate and intangible assets held for sale, net	130,765	145,621
Other assets, net	835,997	788,520
Total assets(1)	\$ 19,889,509	\$ 19,915,555
LIABILITIES AND EQUITY		
Bank line of credit	\$ 285,000	\$ 222,694
Term loan	221,748	6,712,624
Senior unsecured notes	6,565,934	1,676,544
Mortgage debt	1,410,407	1,729
Intangible liabilities on assets held for sale	77,503	81,958
Other debt	103,059	104,180
Intangible liabilities, net	303,966	293,994
Accounts payable and accrued liabilities	71,655	68,055
Deferred revenue	9,039,272	9,161,778
Total liabilities(2)	9,039,272	9,161,778
Commitments and contingencies		
Common stock, \$1.00 par value: 750,000,000 shares authorized; 455,873,953 and 453,191,321 shares issued and outstanding, respectively	455,874	453,191
Additional paid-in capital	11,306,717	11,180,066
Cumulative dividends in excess of earnings	(1,106,494)	(1,067,367)
Accumulated other comprehensive loss	(15,879)	(14,653)
Total stockholders' equity	10,640,218	10,551,237
Joint venture partners	25,228	14,752
Non-managing member unitholders	184,791	187,788
Total noncontrolling interests	210,019	202,540
Total equity	10,850,237	10,753,777

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Total liabilities and equity	\$	19,889,509	\$	19,915,555
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(1) The Company's consolidated total assets at September 30, 2013 and December 31, 2012 include assets of certain variable interest entities (VIEs) that can only be used to settle the liabilities of those VIEs. At September 30, 2013: other assets, net, \$2 million. At December 31, 2012: accounts receivable, net, \$2 million; cash and cash equivalents, \$10 million; and other assets, net, \$2 million. See Note 16 to the Condensed Consolidated Financial Statements for additional information.

(2) The Company's consolidated total liabilities at September 30, 2013 and December 31, 2012 include liabilities of certain VIEs for which the VIE creditors do not have recourse to HCP, Inc. At September 30, 2013: accounts payable and accrued liabilities, \$10 million. At December 31, 2012: other debt, \$0.2 million; accounts payable and accrued liabilities, \$14 million; and deferred revenue, \$2 million. See Note 16 to the Condensed Consolidated Financial Statements for additional information.

See accompanying Notes to the Condensed Consolidated Financial Statements.

Table of Contents

HCP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenues:				
Rental and related revenues	\$ 280,588	\$ 241,993	\$ 833,461	\$ 714,438
Tenant recoveries	25,986			