

HEALTHCARE REALTY TRUST INC

Form 10-K

February 20, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the fiscal year ended: December 31, 2012

OR

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

For the transition period _____ to _____

Commission File Number: 001-11852

HEALTHCARE REALTY TRUST INCORPORATED

(Exact name of Registrant as specified in its charter)

Maryland

62-1507028

(State or other jurisdiction of

(I.R.S. Employer

Incorporation or organization)

Identification No.)

3310 West End Avenue

Suite 700

Nashville, Tennessee 37203

(Address of principal executive offices)

(615) 269-8175

(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Each Exchange on Which Registered

Common stock, \$0.01 par value per share

New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act:

None

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Act. Yes No

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

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

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b -2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

(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 No

The aggregate market value of the shares of common stock (based upon the closing price of these shares on the New York Stock Exchange, Inc. on June 30, 2012) of the Registrant held by non-affiliates on June 30, 2012 was approximately \$1,827,173,892.

As of January 31, 2013, 88,846,951 shares of the Registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement relating to the Annual Meeting of Stockholders to be held on May 14, 2013 are incorporated by reference into Part III of this Report.

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PART I

ITEM 1. BUSINESS

Overview

Healthcare Realty Trust Incorporated (“Healthcare Realty” or the “Company”) was incorporated in Maryland in 1993 and is a self-managed and self-administered real estate investment trust (“REIT”) that owns, acquires, manages, finances and develops income-producing real estate properties associated primarily with the delivery of outpatient healthcare services throughout the United States. The Company focuses its portfolio on outpatient-related facilities located on or near the campuses of large acute care hospitals and associated with leading health systems because management views these facilities as stable, lower-risk real estate investments. In addition to consistent growth in demand for outpatient services, management believes that the Company's diversity of tenants, which includes over 30 physician specialties, as well as surgery, imaging, and diagnostic centers, lowers the Company's overall financial and operational risk. The Company operates so as to qualify as a REIT for federal income tax purposes. As a REIT, the Company is not subject to corporate federal income tax with respect to net income distributed to its stockholders. See "Risk Factors" in Item 1A for a discussion of risks associated with qualifying as a REIT.

Real Estate Properties

The Company had investments of approximately \$3.0 billion in 207 real estate properties and mortgages at December 31, 2012. The Company provided property management services for 147 healthcare-related properties nationwide, totaling approximately 10.1 million square feet as of December 31, 2012. The Company's real estate property investments by geographic area are detailed in Note 2 to the Consolidated Financial Statements.

(Dollars and Square Feet in thousands)	Number of Investments	Gross Investment Amount	%	Square Feet Footage	%	
Owned properties:						
Multi-tenant leases						
Medical office/outpatient	146	\$1,770,468	59.1	% 9,631	70.8	%
Medical office—stabilization in progress	12	405,941	13.6	% 1,283	9.4	%
Other	2	19,950	0.7	% 256	1.9	%
	160	2,196,359	73.4	% 11,170	82.1	%
Single-tenant net leases						
Medical office/outpatient	19	200,533	6.7	% 1,026	7.5	%
Inpatient	15	368,144	12.3	% 1,169	8.6	%
Other	8	26,440	0.9	% 243	1.8	%
	42	595,117	19.9	% 2,438	17.9	%
Construction in progress	—	—	—	—	—	—
Land held for development	—	25,171	0.8	% —	—	—
Corporate property	—	15,037	0.5	% —	—	—
	—	40,208	1.3	% —	—	—
Total owned properties	202	2,831,684	94.6	% 13,608	100.0	%
Mortgage notes receivable:						
Medical office/outpatient	2	60,592	2.0	% —	—	—
Inpatient	1	61,599	2.1	% —	—	—
Other	1	40,000	1.3	% —	—	—
	4	162,191	5.4	% —	—	—
Unconsolidated joint venture:						