

HEALTHCARE REALTY TRUST INC

Form 10-K

February 17, 2015

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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, 2014

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

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, 2014) of the Registrant held by non-affiliates on June 30, 2014 was approximately \$2,414,583,343.

As of January 31, 2015, there were 99,409,062 shares of the Registrant's common stock 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 12, 2015 are incorporated by reference into Part III of this Report.

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 FORM 10-K
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PART I

Item 1. Business

Overview

Healthcare Realty Trust Incorporated (“Healthcare Realty” or the “Company”) was incorporated in Maryland in 1992, listed on the New York Stock Exchange 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 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 taxable income distributed to its stockholders. See “Risk Factors” in Item 1A for a discussion of risks associated with qualifying as a REIT.

The Company believes that its liquidity and sources of capital are adequate to satisfy its cash requirements. The Company expects to meet its liquidity needs through cash on hand, cash flows from operations, equity and debt issuances in the public or private markets and borrowings under commercial credit facilities.

Real Estate Properties

The Company had investments of approximately \$3.3 billion in 199 real estate properties, mortgages, land held for development and corporate property at December 31, 2014. The Company provided property management services for 135 healthcare-related properties nationwide, totaling approximately 9.5 million square feet as of December 31, 2014. 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	157	\$2,443,784	74.9	% 11,433	80.4	%
Other	4	61,634	1.9	% 414	2.9	%
	161	2,505,418	76.8	% 11,847	83.3	%
Single-tenant net leases						
Medical office/outpatient	16	261,643	8.0	% 1,025	7.2	%
Inpatient	14	443,920	13.6	% 1,131	7.9	%
Other	7	24,768	0.8	% 226	1.6	%
	37	730,331	22.4	% 2,382	16.7	%
Land held for development	—	17,054	0.5	% —	—	
Corporate property	—	5,476	0.2	% —	—	
	—	22,530	0.7	% —	—	
Total owned properties	198	3,258,279	99.9	% 14,229	100.0	%
Mortgage notes receivable:						
Medical office/outpatient	1	1,900	0.1	% —	—	
	1	1,900	0.1	% —	—	
Total real estate investments	199	\$3,260,179	100.0	% 14,229	100.0	%

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The following table details occupancy of the Company's owned properties by facility type as of December 31, 2014 and 2013:

Investment