

HEALTHCARE TRUST OF AMERICA, INC.  
Form 10-Q  
August 01, 2017

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

FORM 10-Q

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

For the quarterly period ended June 30, 2017

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: 001-35568 (Healthcare Trust of America, Inc.)

Commission File Number: 333-190916 (Healthcare Trust of America Holdings, LP)

HEALTHCARE TRUST OF AMERICA, INC.

HEALTHCARE TRUST OF AMERICA HOLDINGS, LP

(Exact name of registrant as specified in its charter)

Maryland (Healthcare Trust of America, Inc.) 20-4738467

Delaware (Healthcare Trust of America Holdings, LP) 20-4738347

(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

16435 N. Scottsdale Road, Suite 320

Scottsdale, Arizona 85254

(Address of principal executive offices)

(480) 998-3478

(Registrant's telephone number, including area code)

N/A

(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 Sections 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.

Healthcare Trust of America, Inc. x Yes " No

Healthcare Trust of America Holdings, LP x 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).

Healthcare Trust of America, Inc. x Yes " No

Healthcare Trust of America Holdings, LP x Yes " No

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

Healthcare Trust of America, Inc.	Large-accelerated filer x	Accelerated filer "	Non-accelerated filer "	Smaller reporting company "	Emerging growth company "
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Healthcare Trust of America Holdings, LP	Large-accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	(Do not check if a smaller reporting company) Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
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(Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Healthcare Trust of America, Inc.

Healthcare Trust of America Holdings, LP

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Healthcare Trust of America, Inc.  Yes  No

Healthcare Trust of America Holdings, LP  Yes  No

As of July 26, 2017, there were 200,671,340 shares of Class A common stock of Healthcare Trust of America, Inc. outstanding.

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## Explanatory Note

This Quarterly Report combines the Quarterly Reports on Form 10-Q (“Quarterly Report”) for the quarter ended June 30, 2017 of Healthcare Trust of America, Inc. (“HTA”), a Maryland corporation, and Healthcare Trust of America Holdings, LP (“HTALP”), a Delaware limited partnership. Unless otherwise indicated or unless the context requires otherwise, all references in this Quarterly Report to “we,” “us,” “our,” “the Company” or “our Company” refer to HTA and HTALP, collectively, and all references to “common stock” shall refer to the Class A common stock of HTA.

HTA operates as a real estate investment trust (“REIT”) and is the general partner of HTALP. As of June 30, 2017, HTA owned a 98.0% partnership interest in HTALP, and other limited partners, including some of HTA’s directors, executive officers and their affiliates, owned the remaining partnership interest (including the long-term incentive plan (“LTIP” Units) in HTALP. As the sole general partner of HTALP, HTA has the full, exclusive and complete responsibility for HTALP’s day-to-day management and control, including its compliance with the Securities and Exchange Commission (“SEC”) filing requirements.

We believe it is important to understand the few differences between HTA and HTALP in the context of how we operate as an integrated consolidated company. HTA operates as an umbrella partnership REIT structure in which HTALP and its subsidiaries hold substantially all of the assets. HTA’s only material asset is its ownership of partnership interests of HTALP. As a result, HTA does not conduct business itself, other than acting as the sole general partner of HTALP, issuing public equity from time to time and guaranteeing certain debts of HTALP. HTALP conducts the operations of the business and issues publicly-traded debt, but has no publicly-traded equity. Except for net proceeds from public equity issuances by HTA, which are generally contributed to HTALP in exchange for partnership units of HTALP, HTALP generates the capital required for the business through its operations and by direct or indirect incurrence of indebtedness or through the issuance of its partnership units.

Noncontrolling interests, stockholders’ equity and partners’ capital are the primary areas of difference between the condensed consolidated financial statements of HTA and HTALP. Limited partnership units in HTALP are accounted for as partners’ capital in HTALP’s condensed consolidated balance sheets and as noncontrolling interest reflected within equity in HTA’s condensed consolidated balance sheets. The differences between HTA’s stockholders’ equity and HTALP’s partners’ capital are due to the differences in the equity issued by HTA and HTALP, respectively.

We believe combining the Quarterly Reports of HTA and HTALP, including the notes to the condensed consolidated financial statements, into this single Quarterly Report results in the following benefits:

- enhances stockholders’ understanding of HTA and HTALP by enabling stockholders to view the business as a whole in the same manner that management views and operates the business;
- eliminates duplicative disclosure and provides a more streamlined and readable presentation since a substantial portion of the disclosure in this Quarterly Report applies to both HTA and HTALP; and
- creates time and cost efficiencies through the preparation of a single combined Quarterly Report instead of two separate Quarterly Reports.

In order to highlight the material differences between HTA and HTALP, this Quarterly Report includes sections that separately present and discuss areas that are materially different between HTA and HTALP, including:

- the condensed consolidated financial statements;
- certain accompanying notes to the condensed consolidated financial statements, including Note 7 - Debt, Note 10 - Stockholders’ Equity and Partners’ Capital, Note 12 - Per Share Data of HTA and Note 13 - Per Unit Data of HTALP;
- the Funds From Operations (“FFO”) and Normalized FFO in Part 1, Item 2 of this Quarterly Report;
- the Controls and Procedures in Part 1, Item 4 of this Quarterly Report; and
- the Certifications of the Chief Executive Officer and the Chief Financial Officer included as Exhibits 31 and 32 to this Quarterly Report.

In the sections of this Quarterly Report that combine disclosure for HTA and HTALP, this Quarterly Report refers to actions or holdings as being actions or holdings of the Company. Although HTALP (directly or indirectly through one of its subsidiaries) is generally the entity that enters into contracts, holds assets and issues or incurs debt, management believes this presentation is appropriate for the reasons set forth above and because the business of the Company is a single integrated enterprise operated through HTALP.



HEALTHCARE TRUST OF AMERICA, INC. AND  
HEALTHCARE TRUST OF AMERICA HOLDINGS, LP  
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## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements (Unaudited)

HEALTHCARE TRUST OF AMERICA, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

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

(Unaudited)

	June 30, 2017	December 31, 2016
<b>ASSETS</b>		
Real estate investments:		
Land	\$461,340	\$ 386,526
Building and improvements	5,699,968	3,466,516
Lease intangibles	635,330	467,571
Construction in progress	251	—
	6,796,889	4,320,613
Accumulated depreciation and amortization	(907,728 )	(817,593 )
Real estate investments, net	5,889,161	3,503,020
Investment in unconsolidated joint venture	68,901	—
Cash and cash equivalents	91,444	11,231
Restricted cash and escrow deposits	33,176	13,814
Receivables and other assets, net	175,340	173,461
Other intangibles, net	108,736	46,318
Total assets	\$6,366,758	\$ 3,747,844
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Debt	\$2,784,162	\$ 1,768,905
Accounts payable and accrued liabilities	135,214	105,034
Derivative financial instruments - interest rate swaps	1,569	1,920
Security deposits, prepaid rent and other liabilities	55,286	49,859
Intangible liabilities, net	78,779	37,056
Total liabilities	3,055,010	1,962,774
Commitments and contingencies		
Redeemable noncontrolling interests	4,663	4,653
Equity:		
Preferred stock, \$0.01 par value; 200,000,000 shares authorized; none issued and outstanding	—	—
Class A common stock, \$0.01 par value; 1,000,000,000 shares authorized; 200,646,523 and 141,719,134 shares issued and outstanding as of June 30, 2017 and December 31, 2016, respectively	2,006	1,417
Additional paid-in capital	4,384,483	2,754,818
Accumulated other comprehensive loss	(816 )	—
Cumulative dividends in excess of earnings	(1,164,607 )	(1,068,961 )
Total stockholders' equity	3,221,066	1,687,274
Noncontrolling interests	86,019	93,143
Total equity	3,307,085	1,780,417
Total liabilities and equity	\$6,366,758	\$ 3,747,844