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HEALTHCARE REALTY TRUST INC

Form 10-Q

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**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: **March 31, 2019**

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: **001-11852**

**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)

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 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 every Interactive Data File required to be submitted 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

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.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth 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.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of April 26, 2019, the Registrant had 129,214,135 shares of Common Stock outstanding.

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**HEALTHCARE REALTY TRUST INCORPORATED**  
**FORM 10-Q**  
**March 31, 2019**

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Healthcare Realty Trust Incorporated  
 Condensed Consolidated Balance Sheets  
 (Amounts in thousands, except per share data)

|   | <i>(Unaudited)</i>        |                              |
|---|---------------------------|------------------------------|
|   | <b>March 31,<br/>2019</b> | <b>December 31,<br/>2018</b> |
| <b>ASSETS</b>   |                           |                              |
| <b>Real estate properties:</b>  |                           |                              |
| Land  | \$230,206                 | \$230,206                    |
| Buildings, improvements and lease intangibles   | 3,757,260                 | 3,675,415                    |
| Personal property   | 10,739                    | 10,696                       |
| Construction in progress  | 40,326                    | 33,107                       |
| Land held for development   | 24,647                    | 24,647                       |
|   | 4,063,178                 | 3,974,071                    |
| Less accumulated depreciation and amortization  | (1,035,800 )              | (1,015,174 )                 |
| Total real estate properties, net   | 3,027,378                 | 2,958,897                    |
| Cash and cash equivalents   | 11,313                    | 8,381                        |
| Assets held for sale, net   | 10,568                    | 9,272                        |
| Operating lease right-of-use assets   | 128,141                   | —                            |
| Financing lease right-of-use assets   | 9,259                     | —                            |
| Other assets, net   | 175,864                   | 214,697                      |
| <b>Total assets</b>   | <b>\$3,362,523</b>        | <b>\$3,191,247</b>           |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                           |                              |
| <b>Liabilities:</b>   |                           |                              |
| Notes and bonds payable   | \$1,343,110               | \$1,345,984                  |
| Accounts payable and accrued liabilities  | 61,519                    | 80,411                       |
| Liabilities of properties held for sale   | 633                       | 587                          |
| Operating lease liabilities   | 91,044                    | —                            |
| Financing lease liabilities   | 14,294                    | —                            |
| Other liabilities   | 46,144                    | 47,623                       |
| <b>Total liabilities</b>  | <b>1,556,744</b>          | <b>1,474,605</b>             |
| Commitments and contingencies   |                           |                              |
| <b>Stockholders' equity:</b>  |                           |                              |
| Preferred stock, \$.01 par value per share; 50,000 shares authorized; none issued and outstanding   | —                         | —                            |
| Common stock, \$.01 par value per share; 300,000 shares authorized; 129,214 and 125,279 shares issued and outstanding at March 31, 2019 and December 31, 2018, respectively | 1,292                     | 1,253                        |
| Additional paid-in capital  | 3,302,814                 | 3,180,284                    |
| Accumulated other comprehensive loss  | (1,611 )                  | (902 )                       |
| Cumulative net income attributable to common stockholders   | 1,093,010                 | 1,088,119                    |
| Cumulative dividends  | (2,589,726 )              | (2,552,112 )                 |
| <b>Total stockholders' equity</b>   | <b>1,805,779</b>          | <b>1,716,642</b>             |
| <b>Total liabilities and stockholders' equity</b>   | <b>\$3,362,523</b>        | <b>\$3,191,247</b>           |

The accompanying notes, together with the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, are an integral part of these financial statements.



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Healthcare Realty Trust Incorporated  
 Condensed Consolidated Statements of Income  
 For the Three Months Ended March 31, 2019 and 2018  
*(Amounts in thousands, except per share data)*  
*(Unaudited)*

|   | <b>Three Months Ended</b> |             |
|---|---------------------------|-------------|
|   | <b>March 31,</b>          |             |
|   | <b>2019</b>               | <b>2018</b> |
| <b>REVENUES</b>   |                           |             |
| Rental income   | \$ 110,696                | \$ 110,229  |
| Other operating   | 1,961                     | 1,895       |
|   | 112,657                   | 112,124     |
| <b>EXPENSES</b>   |                           |             |
| Property operating                                      | 42,725                    | 41,818      |
| General and administrative                              | 8,510                     | 9,101       |
| Acquisition and pursuit costs                           | 305                       | 277         |
| Depreciation and amortization                           | 42,662                    | 39,573      |
|   | 94,202                    | 90,769      |
| <b>OTHER INCOME (EXPENSE)</b>                           |                           |             |
| Gain on sales of real estate assets                     | 15                        | —           |
| Interest expense  | (13,588 )                 | (12,668 )   |
| Interest and other income, net                          | 9                         | 493         |
|   | (13,564 )                 | (12,175 )   |
| <b>NET INCOME</b>                                       |                           |             |
|   | \$ 4,891                  | \$ 9,180    |
| Basic earnings per common share                         | \$ 0.04                   | \$ 0.07     |
| Diluted earnings per common share                       | \$ 0.04                   | \$ 0.07     |
| Weighted average common shares outstanding - basic      | 124,130                   | 123,257     |
| Weighted average common shares outstanding - diluted    | 124,232                   | 123,348     |
| Dividends declared, per common share, during the period | \$ 0.30                   | \$ 0.30     |

The accompanying notes, together with the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, are an integral part of these financial statements.



# Edgar Filing: HEALTHCARE REALTY TRUST INC - Form 10-Q

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Healthcare Realty Trust Incorporated  
Condensed Consolidated Statements of Comprehensive Income  
For the Three Months Ended March 31, 2019 and 2018  
*(Dollars in thousands)*  
*(Unaudited)*

|   | <b>Three Months<br/>Ended March<br/>31,</b> |                |
|---|---|----------------|
|   | <b>2019</b>                                 | <b>2018</b>    |
| <b>NET INCOME</b>   | <b>\$4,891</b>                              | <b>\$9,180</b> |
| Other comprehensive income:   |   |                |
| Interest rate swaps:  |   |                |
| Reclassification adjustments for losses included in net income (interest expense) | 15  | 147            |
| (Losses) gains arising during the period  |   |                |