

HEALTHCARE REALTY TRUST INC

Form 424B3

December 08, 2010

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The information in this preliminary prospectus supplement is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(3)

Registration No.: 333-150884

SUBJECT TO COMPLETION DATED DECEMBER 8, 2010

**Preliminary Prospectus Supplement
(To Prospectus dated May 13, 2008)**

\$

**Healthcare Realty Trust Incorporated
% Senior Notes due 20**

The notes will mature on , 20 . Interest on the notes will be payable semi-annually in arrears on and of each year, beginning on , 20 . Interest will accrue from December , 2010. We may redeem the notes, in whole or in part at any time, at the redemption prices described under Description of Notes Optional Redemption.

The notes will be our senior unsecured obligations and will rank equally with all of our other senior unsecured indebtedness.

Investing in the notes involves risks. See Supplemental Risk Factors beginning on page S-8 of this prospectus supplement and under Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Price to Public(1)	Underwriting Discount	Proceeds, Before Expenses, to HR
Per Senior Note	%	%	%
Total	\$	\$	\$

(1) Plus accrued interest, if any, from December , 2010.

The notes will not be listed on any securities exchange or quoted on any automated dealer quotation system.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Company expects that delivery of the notes will be made to investors on or about December , 2010 only in book-entry form through the facilities of The Depository Trust Company.

Active Book-Running Managers

Barclays Capital

UBS Investment Bank

The date of this prospectus supplement is December , 2010.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus, on the other hand, the information in this prospectus supplement shall control.

You should read this document, and any free writing prospectus we authorize to be delivered to you, together with additional information described under the heading Where You Can Find More Information and Incorporation of Certain Documents by Reference. You should rely only on the information contained or incorporated by reference in this document and any other offering materials the Company authorizes. Neither HR nor the underwriters have authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information in this prospectus supplement and the accompanying prospectus, as well as the information the Company has previously filed with the Securities and Exchange Commission (the Commission) and incorporated by reference in this document, is accurate only as of its date or the date which is specified in those documents.

The distribution of this prospectus supplement and the accompanying prospectus in some jurisdictions may be restricted by law. Persons who receive this prospectus supplement and the accompanying prospectus should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and other materials the Company has filed or may file with the Commission, as well as information included in oral statements or other written statements made, or to be made, by our senior management, contain, or will contain, disclosures which are forward-looking statements. Forward-looking statements include all statements that do not relate solely to historical or current facts and can be identified by the use of words such as may, will, expect, believe, intend, plan, estimate, project, other comparable terms. These forward-looking statements are based on the current plans and expectations of management and are subject to a number of risks and uncertainties that could significantly affect our current plans and expectations and future financial condition and results.

Such risks and uncertainties include, among other things, the following:

the unavailability of equity and debt capital, volatility in the credit markets, increases in interest rates, or changes in the Company's debt ratings;

the Company may become more leveraged;

covenants in the Company's debt instruments limit its operational flexibility and a breach of these covenants could materially affect the Company's financial results;

the financial health of the Company's tenants and sponsors and their ability to make loan and rent payments to the Company;

the ability and willingness of the Company's lenders to make their funding commitments to the Company;

the Company's long-term master leases and financial support agreements may expire and not be extended;

restrictions under ground leases through which the Company holds many of its medical office properties could limit the Company's ability to lease, sell or finance these properties;

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the ability of the Company to re-let properties on favorable terms as leases expire;

the Company may incur impairment charges on its assets;

the Company may be required to sell certain assets through purchase options held by tenants or sponsors and may not be able to reinvest the proceeds from such sales at equal rates of return;

the construction of properties generally requires various government and other approvals which may not be received;

unsuccessful development opportunities could result in the recognition of direct expenses which could impact the Company's results of operations;

construction costs of a development property may exceed original estimates, which could impact its profitability to the Company;

time required to lease up a completed development property may be greater than originally anticipated, thereby adversely affecting the Company's cash flow and liquidity;

occupancy rates and rents of a completed development property may not be sufficient to make the property profitable to the Company; and

changes in the Company's dividend policy.

HR describes some additional risks and uncertainties of investing in the notes below under the heading "Supplemental Risk Factors." Other risks, uncertainties and factors that could cause actual results to differ materially from those projected are detailed from time to time in reports filed by HR with the Securities and Exchange Commission, including Forms 8-K, 10-Q and 10-K (including those identified in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009). HR undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Investors are cautioned not to rely unduly on such forward-looking statements when evaluating the information presented in this prospectus supplement and the accompanying prospectus or HR's filings and reports.

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SUMMARY

The information below is a summary of the more detailed information included elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. You should read carefully the following summary together with the more detailed information contained in this prospectus supplement, the accompanying prospectus and the information incorporated by reference into those documents, including the Supplemental Risk Factors section beginning on page S-8 of this prospectus supplement and the Risk Factors section beginning on page 4 of the accompanying prospectus and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009. This summary is not complete and does not contain all of the information you should consider when making your investment decision.

Unless the context otherwise requires, as used in this prospectus supplement and the accompanying prospectus, the terms HR, the Company, we, us and our include Healthcare Realty Trust Incorporated, its subsidiaries and other entities in which Healthcare Realty Trust Incorporated or its subsidiaries own an interest.

Information About Healthcare Realty Trust Incorporated

Healthcare Realty Trust Incorporated was incorporated in Maryland in 1993 and is a self-managed and self-administered real estate investment trust, or 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 that portion of its ordinary income or capital gain that is currently distributed to its stockholders.

The Company had investments of approximately \$2.4 billion in 209 real estate properties and mortgages as of September 30, 2010, excluding assets classified as held for sale and including an investment in one unconsolidated joint venture. The Company's 202 owned real estate properties, excluding assets classified as held for sale, are comprised of six facility types, located in 28 states, totaling approximately 13.0 million square feet. As of September 30, 2010, the Company provided property management services to approximately 9.0 million square feet nationwide.

Business Strategy

The Company's strategy is to own and operate quality medical office and other outpatient-related facilities that produce stable and growing rental income. Consistent with this strategy, the Company selectively seeks acquisition and development opportunities located on or near the campuses of large, stable healthcare systems. Additionally, the Company provides a broad spectrum of services needed to own, develop, lease, finance and manage its portfolio of healthcare properties.

Management has streamlined the Company's portfolio to focus on medical office and other outpatient-related facilities associated with large acute care hospitals and leading health systems because it views these facilities as the most stable, lowest-risk real estate investments. In addition, management believes that the diversity of tenants in the Company's medical office and other outpatient-related facilities, which includes physicians of nearly two-dozen specialties, as well as surgery, imaging, and diagnostic centers, lowers the Company's financial and operational risk.

Principal Executive Offices

The principal executive offices of Healthcare Realty Trust Incorporated are located at 3310 West End Avenue, Suite 700, Nashville, Tennessee 37203. The telephone number of the principal executive offices is (615) 269-8175.

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THE OFFERING

The following summary contains basic terms of the notes. For a more detailed description of the notes, see Description of Notes in this prospectus supplement and Description of Debt Securities in the accompanying prospectus.

Issuer	Healthcare Realty Trust Incorporated.
Notes Offered	\$ aggregate principal amount of % Senior Notes due 20 .
Interest Rate	% per annum.
Maturity	, 20 .
Interest Payment Dates	Semi-annually on and of each year, beginning , 20 .
Use of Proceeds	HR will use the net proceeds from the sale of the notes to repay outstanding borrowings under our unsecured credit facility, repay our Senior Notes due 2011 at maturity and for general corporate purposes. See Use of Proceeds.
Conflicts of Interest	HR expects that more than 5% of the net proceeds of this offering may be used to reduce outstanding indebtedness under its unsecured revolving credit facility, and certain of the underwriters or affiliates of the underwriters are lenders under the Company's unsecured credit facility. Accordingly, this offering is being made in compliance with the requirements of NASD Rule 2720 of the Financial Industry Regulatory Authority, Inc. (FINRA) (which will be known as FINRA Rule 5121 effective December 15, 2010).
Ranking	<p>The notes will be senior and unsecured obligations of HR and will rank equally with all other senior and unsecured indebtedness of HR.</p> <p>The notes will be effectively subordinated to all existing and future indebtedness and other liabilities and commitments of our subsidiaries, including guarantees by our subsidiaries, if any, of other indebtedness of HR. The notes will also be effectively subordinated to our existing secured indebtedness and any secured indebtedness the Company or its subsidiaries may incur to the extent of the assets securing such indebtedness.</p>
Optional Redemption	The notes may be redeemed in whole at any time or in part from time to time, at the Company's option, at a redemption price equal to the sum of (i) the Outstanding Principal Amount (as hereafter defined), (ii) the accrued and unpaid interest on the Outstanding Principal Amount, and (iii) the Make-Whole Amount (as hereafter defined), if any. The Make-Whole Amount shall be payable not only upon an optional

redemption, but also upon accelerated payment of the notes.

Certain Covenants and Events of Default The Indenture for the notes contains various covenants including the following:

debt will not exceed 60% of Total Assets

liens will not secure obligations in excess of 40% of Total Assets

Total Unencumbered Assets will not be less than 150% of Unsecured Debt

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Consolidated Income Available for Debt Service will be at least 150% of Consolidated Interest Expense for the most recent four previous consecutive fiscal quarters

These covenants are complex and are described more completely under Description of Notes Certain Covenants. The Indenture provides for certain events of default, including default on certain other indebtedness.

Denominations

The notes will be issued in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof.

Form of Notes

Each note will initially be issued in book-entry form only. Each note issued in book-entry form will be represented by one or more fully registered global securities deposited with or on behalf of The Depository Trust Company (or another depository) and registered in the name of the identified depository or its nominee. Interests in the global securities will be shown on, and transfers thereof will be effected only through, records maintained by the identified depository (with respect to its participants) and its participants (with respect to beneficial owners). Except in limited circumstances, notes issued in book-entry form will not be exchangeable for notes issued in fully registered certificated form.

Trustee, Registrar and Paying Agent

Regions Bank, Nashville, Tennessee.

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A summary of selected historical consolidated financial data is set forth in the table below. The financial data for each of the years in the three-year period ended December 31, 2009, were derived from the Company's historical consolidated financial statements and have been revised for properties classified in discontinued operations as of September 30, 2010. The financial data as of and for the nine months ended September 30, 2010 and 2009 have been derived from the Company's unaudited interim condensed consolidated financial statements and include all adjustments necessary for the fair presentation of the data in all material respects. Results for the interim periods are not necessarily indicative of the results to be expected for the full year. The information below is only a summary and should be read together with, and is qualified in its entirety by reference to, the Company's historical consolidated financial statements and notes thereto and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Company's Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2010, June 30, 2010 and September 30, 2010 and Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which are incorporated by reference herein, and the section of this prospectus supplement entitled "Capitalization."

	Nine Months Ended September 30,		Year Ended December 31,		
	2010(1)	2009(2)	2009	2008	2007(3)
	(Dollars in thousands, except per share data)				
	(Unaudited)				
Statement of Income Data:					
Revenues	\$ 193,368	\$ 186,635	\$ 249,407	\$ 208,957	\$ 192,656
Expenses	141,033	136,959	182,884	156,005	136,612
Other expense	(46,483)	(26,155)	(39,280)	(35,586)	(46,849)
Income from continuing operations	5,852	23,521	27,243	17,366	9,195
Income from discontinued operations	2,012	23,212	23,905	24,394	50,885
Net income	7,864	46,733	51,148	41,760	60,080
Less: Net income attributable to noncontrolling interests	(44)	(12)	(57)	(68)	(18)
Net income attributable to common stockholders	\$ 7,820	\$ 46,721	\$ 51,091	\$ 41,692	\$ 60,062
Basic earnings per common share:					
Income from continuing operations	\$ 0.10	\$ 0.40	\$ 0.47	\$ 0.34	\$ 0.19
Discontinued operations	0.03	0.40	0.41	0.47	1.07
Net income attributable to common stockholders	\$ 0.13	\$ 0.80	\$ 0.88	\$ 0.81	\$ 1.26

**Diluted earnings per
common share:**

Income from continuing operations	\$	0.10	\$	0.40	\$	0.46	\$	0.33	\$	0.19
Discontinued operations		0.03		0.39		0.41		0.46		1.05
Net income attributable to common stockholders	\$	0.13	\$	0.79	\$	0.87	\$	0.79	\$	1.24
Weighted average common shares outstanding Basic		61,232,810		58,150,024		58,199,592		51,547,279		47,536,133
Weighted average common shares outstanding Diluted		62,269,413		58,950,870		59,047,314		52,564,944		48,291,330
Dividends declared, per common share, during the period	\$	0.90	\$	1.155	\$	1.54	\$	1.54	\$	6.84

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	Nine Months Ended September 30,		Year Ended December 31,		
	2010(1)	2009(2)	2009	2008	2007(3)
	(Dollars in thousands, except per share data)				
	(Unaudited)				
Balance Sheet Data (as of the end of the period):					
Real estate properties, net	\$ 1,923,098	\$ 1,744,408	\$ 1,791,693	\$ 1,634,364	\$ 1,351,173
Mortgage notes receivable	\$ 27,134	\$ 41,595	\$ 31,008	\$ 59,001	\$ 30,117
Assets held for sale and discontinued operations, net	\$ 17,592	\$ 903	\$ 17,745	\$ 90,233	\$ 15,639
Total assets	\$ 2,069,863	\$ 1,879,561	\$ 1,935,764	\$ 1,864,780	\$ 1,495,492
Notes and bonds payable	\$ 1,138,200	\$ 997,037	\$ 1,046,422	\$ 940,186	\$ 785,289
Total stockholders' equity	\$ 819,290	\$ 776,823	\$ 786,766	\$ 794,820	\$ 631,995
Noncontrolling interests	\$ 3,719	\$ 2,985	\$ 3,382	\$ 1,427	\$
Total equity	\$ 823,009	\$ 779,808	\$ 790,148	\$ 796,247	\$ 631,995

	Nine Months Ended September 30,		Year Ended December 31,			
	2010	2009	2008	2007	2006	2005
Other Data (unaudited):						
Ratio of earnings to fixed charges(4)	0.97x(5)	1.32x	1.21x	1.10x	1.15x	1.23x

- (1) The nine months ended September 30, 2010 includes impairment charges totaling \$7.4 million related to six properties classified as held for sale, gains on the sale of real estate properties totaling \$8.3 million and an increase in interest expense of approximately \$18.3 million compared to the prior period.
- (2) The nine months ended September 30, 2009 includes gains on the sale of real estate properties totaling approximately \$20.1 million and a \$2.7 million re-measurement gain of equity interest upon acquisition of additional ownership interest in a joint venture.
- (3) During 2007, the Company disposed of its senior living assets and recognized a gain on sale of approximately \$40.2 million. The proceeds from the sale, in part, were used to pay a special dividend to stockholders of approximately \$227.2 million, or \$4.75 per common share.
- (4) See Ratio of Earnings to Fixed Charges for an explanation of the calculation of these ratios.
- (5) For the nine months ended September 30, 2010, earnings were insufficient to cover fixed charges by \$1.9 million.

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SUPPLEMENTAL RISK FACTORS

You should carefully consider the supplemental risks described below in addition to the risks described under "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which is incorporated by reference herein, as well as the other information contained in or incorporated by reference into this prospectus supplement or the accompanying prospectus, before investing in the notes. You could lose part or all of your investment.

Changes in our credit ratings or the debt markets could adversely affect the price of the notes.

The price of the notes depends on many factors, including:

HR's credit ratings with major credit rating agencies;

The prevailing interest rates being paid by, or the market price for the notes issued by, other companies similar to HR;

HR's financial condition, financial performance and future prospects; and

The overall condition of the financial markets.

The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Such fluctuations could have an adverse effect on the price of the notes.

In addition, credit rating agencies continually review their ratings for the companies that they follow, including HR. The credit rating agencies also evaluate our industry as a whole and may change their credit rating for HR based on their overall view of the industry. A negative change in HR's rating could have an adverse effect on the price of the notes.

The notes are unsecured obligations and will not be guaranteed by any of our subsidiaries. Therefore, holders of the notes may not be fully repaid if the Company becomes insolvent.

The notes will be obligations exclusively of HR and will not be guaranteed by any of our subsidiaries. The notes will not be secured by any of our assets or our subsidiaries' assets. Therefore, the notes will be effectively subordinated to our existing secured indebtedness and any secured indebtedness the Company may incur to the extent of the assets securing such indebtedness and subordinated to all indebtedness and other liabilities of HR's subsidiaries. As of October 31, 2010, the Company and its subsidiaries had an aggregate of \$1.1 billion of debt, \$166.3 million of which was secured debt. In addition, the indenture governing the notes will permit the Company to incur additional indebtedness, including indebtedness that is secured. If the Company were to become insolvent, the holders of any secured debt would receive payments from the assets pledged as security before you would receive payments on the notes.

There are limited financial covenants in the indenture.

Neither HR nor any of its subsidiaries are restricted under the indenture from incurring additional debt or other liabilities, including additional senior debt. If HR incurs additional debt or liabilities, the Company's ability to pay its obligations on the notes could be adversely affected. The Company expects that it will from time to time incur

additional debt and other liabilities. In addition, the Company is not restricted from paying dividends or issuing or repurchasing its securities under the indenture.

If a bankruptcy petition were filed by or against the Company, the holders of notes may receive a lesser amount for their claim than they would have been entitled to receive under the indenture governing the notes.

If a bankruptcy petition were filed by or against the Company under the U.S. Bankruptcy Code after the issuance of the notes, the claim by any holder of the notes for the principal amount of the notes may be limited to an amount equal to the sum of:

the original issue price for the notes; and

that portion of the original issue discount that does not constitute unmatured interest for purposes of the U.S. Bankruptcy Code.

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There is no public market for the notes, so holders of the notes may be unable to sell the notes.

The notes offered hereby are a new series of securities for which there is currently no public market. Consequently, the notes may be relatively illiquid, and holders may be unable to sell their notes, or if you are able to sell your notes, there can be no assurance as to the price at which you will be able to sell them. Future trading prices of the notes will depend on many factors, including, among other things, prevailing interest rates, economic conditions, our financial condition and the market for similar securities. The Company does not intend to apply for listing of the notes on any securities exchange or for the inclusion of the notes in any automated quotation system.

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USE OF PROCEEDS

The net proceeds from this offering are estimated to be approximately \$ million, after deducting the underwriting discounts and the estimated expenses of this offering. The Company expects to use the net proceeds from this offering to repay the outstanding borrowings on its unsecured credit facility due September 2012, provide advance funding for the repayment of the Company's Senior Notes due 2011 at maturity and for general corporate purposes.

As of December 6, 2010, the Company had outstanding indebtedness of \$155.0 million under its unsecured credit facility. Rates for borrowings under the unsecured credit facility are LIBOR-based. The weighted average rate on borrowings outstanding at December 6, 2010 was approximately 3.06%. Affiliates of certain underwriters are lenders under the Company's unsecured credit facility and therefore will receive a portion of the net proceeds from this offering through the repayment of outstanding amounts on the unsecured credit facility. As of December 6, 2010, the Company had approximately \$278.2 million of its Senior Notes due 2011 outstanding. The Senior Notes due 2011 bear interest at 8.125% per annum and mature on May 1, 2011.

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The following table sets forth the capitalization of the Company as of September 30, 2010 on an actual basis and on an as adjusted basis to reflect the sale of the notes in this offering and application of the net proceeds as described under Use of Proceeds. You should read the following table in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009 and the Company's Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2010, June 30, 2010 and September 30, 2010, which are incorporated by reference into this prospectus supplement and the accompanying prospectus. The following information is unaudited.

	As of September 30, 2010	
	Actual	As Adjusted
	(Dollars in thousands, except per share data)	
Cash and cash equivalents	\$ 11,177	\$
Debt obligations:		
Unsecured Credit Facility due 2012(1)	\$ 131,000	\$
Senior Notes due 2011, including premium	278,376	278,376
Senior Notes due 2014, net of discount	264,192	264,192
Senior Notes due 2017, net of discount	298,160	298,160
Senior Notes due 20		
Mortgage notes payable, net of discounts and including premium	166,472	166,472
Total debt obligations	\$ 1,138,200	\$
Stockholders' equity:		
Preferred stock, \$0.01 par value; 50,000,000 shares authorized; none issued and outstanding	\$	\$
Common stock, \$0.01 par value; 150,000,000 shares authorized; 64,149,158 shares issued and outstanding	641	641
Additional paid-in capital	1,602,078	1,602,078
Accumulated other comprehensive loss	(4,628)	(4,628)
Cumulative net income attributable to common stockholders	795,785	795,785
Cumulative dividends	(1,574,586)	(1,574,586)
Total stockholders' equity	\$ 819,290	\$ 819,290
Noncontrolling interests	3,719	3,719
Total equity	\$ 823,009	\$ 823,009
Total capitalization	\$ 1,961,209	\$

- (1) As of December 6, 2010, the Company had borrowings of \$155.0 million outstanding under its unsecured credit facility. Any additional proceeds over that amount would be applied to cash.

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The Company's consolidated ratio of earnings to fixed charges for each of the last five fiscal years and for the nine months ended September 30, 2010 is set forth below. For the purposes of calculating the ratio of earnings to fixed charges, net income from continuing operations has been added to fixed charges, net of capitalized interest, and that sum has been divided by such fixed charges. Fixed charges consist of interest expense, which includes amortization of debt issue cost, plus one-third (the proportion deemed to be representative of the interest factor) of rent expense, and capitalized interest.

	Pro-Forma Nine Months Ended September 30, 2010(1)	Nine Months Ended September 30, 2010	2009	Year Ended December 31,			
			2008	2007	2006	2005	
Ratio of earnings to fixed charges		0.97x(2)	1.32x	1.21x	1.10x	1.15x	1.23x

- (1) The ratio of earnings to fixed charges for the nine months ended September 30, 2010 has been adjusted on a pro forma basis to give effect to the offer and sale of the notes offered hereby and the use of the net proceeds to repay borrowings under our unsecured credit facility.
- (2) For the nine months ended September 30, 2010, earnings were insufficient to cover fixed charges by \$1.9 million.

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DESCRIPTION OF NOTES

General

The % Senior Notes due will be issued as a series of debt securities under the Fourth Supplemental Indenture, dated December , 2010 (the Supplemental Indenture), and related Indenture, dated May 15, 2001 (together with the Supplemental Indenture, the Indenture), between us and Regions Bank as trustee. The Indenture may be amended, supplemented or modified from time to time. The Indenture is subject to, and governed by, the Trust Indenture Act of 1939.

The following summary of certain provisions of the notes and the Indenture is not complete and is qualified in its entirety by reference to the actual provisions of the notes and the Indenture. Capitalized terms used but not defined in this section shall have the meanings given to them in the accompanying prospectus, the notes or the Indenture, as the case may be. When we use the term Debt Securities in this prospectus supplement, we mean all debt securities, including the notes, issued and issuable from time to time under the Indenture.

The notes will be issued in an initial aggregate principal amount of \$ million. The notes will mature on , 20 . The notes will bear interest from , 2010 at the rate per annum shown on the front cover of this prospectus supplement, payable semi-annually on and of each year, beginning , 20 to the person in whose name the note is registered at the close of business on or , as the case may be, preceding such interest payment date. The notes will be unsecured senior obligations of the Company. As of October 31, 2010, the Company and its subsidiaries had an aggregate of \$1.1 billion of debt, \$166.3 million of which was secured debt.

Further Issuances

We may, from time to time, without notice to or the consent of the holders of the notes, increase the principal amount of this series of notes under the indenture and issue such increased principal amount (or any portion thereof), in which case any additional notes so issued will have the same form and terms (other than the date of issuance and, under certain circumstances, the date from which interest thereon will begin to accrue), and will carry the same right to receive accrued and unpaid interest, as the notes previously issued, and such additional notes will form a single series with the notes.

Satisfaction and Discharge

The indenture will generally cease to be of any further effect with respect to any series of notes, if:

we have delivered to the trustee for cancellation all outstanding notes of such series (with certain limited exceptions);

all notes of such series not previously delivered to the trustee for cancellation have become due and payable or are by their terms to become due and payable within one year, and we have deposited with the trustee as trust funds the entire amount sufficient to pay all of the outstanding notes; or

and if, in either case, we also pay or cause to be paid all other sums payable under the indenture by us.

The indenture will be deemed satisfied and discharged when no notes remain outstanding and when we have paid all other sums payable by us under the indenture.

Optional Redemption

The notes may be redeemed in whole at any time or in part from time to time, at our option, at a redemption price equal to the sum of (i) the Outstanding Principal Amount, (ii) the accrued and unpaid interest on the Outstanding Principal Amount, and (iii) the Make-Whole Amount, if any.

The Make-Whole Amount shall be payable not only upon an optional redemption, but also upon accelerated payment of the notes. Make-Whole Amount means, in connection with any optional redemption or accelerated payment of any notes, the excess, if any, of (i) the sum of the present values as of the date of such redemption or

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accelerated payment of the remaining scheduled payments of principal and interest on the notes to be redeemed or repaid (not including any portion of such payments of interest accrued to the date of redemption or repayment) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate (determined on the third Business Day (as defined below) preceding the date such notice of redemption is given or declaration of acceleration is made) plus _____ basis points, over (ii) the Outstanding Principal Amount.

Treasury Rate means, with respect to any redemption date:

the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H.15(519) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the notes to be redeemed, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or

if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Comparable Treasury Issue means the U.S. Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

Comparable Treasury Price means (1) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

Independent Investment Banker means either Barclays Capital Inc. or UBS Securities LLC, as specified by us, or, if these firms are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by us.

Outstanding Principal Amount means 100% of the principal amount of notes then outstanding to be redeemed or repaid.

Reference Treasury Dealer means (1) Barclays Capital Inc. and UBS Securities LLC and their respective successors, provided, however, that if either of the foregoing shall cease to be a primary U.S. government securities dealer in the United States (a Primary Treasury Dealer), we will substitute therefor another Primary Treasury Dealer and (2) any three other Primary Treasury Dealers selected by us after consultation with the Independent Investment Banker.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such

redemption date.

We will mail a notice of redemption to each holder of notes to be redeemed by first-class mail at least 30 and not more than 60 days prior to the date fixed for redemption. Unless we default on payment of the redemption price, interest will cease to accrue on the notes or portions thereof called for redemption. If fewer than all of the notes are to be redeemed, the trustee will select, not more than 60 days prior to the redemption date, the particular notes or

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portions thereof for redemption from the outstanding notes not previously called by such method as the trustee deems fair and appropriate.

Certain Covenants

As long as the notes are outstanding, we are subject to the covenants contained in the Indenture, including the following:

Limitations on Incurrence of Total Debt. HR will not, and will not permit any Subsidiary (as defined below) to, incur any Debt (as defined below) if, immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds thereof, the aggregate principal amount of all outstanding Debt of HR and its Subsidiaries (determined on a consolidated basis in accordance with generally accepted accounting principles) is greater than 60% of the sum of (without duplication) (i) the Total Assets (as defined below) of HR and its Subsidiaries as of the end of the calendar quarter covered in HR's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the Securities and Exchange Commission (or, if such filing is not permitted under the Securities and Exchange Act of 1934, as amended, with the Trustee) prior to the incurrence of such additional Debt and (ii) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent that such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by HR or any Subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt.

Limitations on Incurrence of Debt Secured by any Lien. HR will not, and will not permit any Subsidiary to, incur any Debt secured by any Lien (as defined below) upon any of the property of HR or any Subsidiary if, immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds thereof, the aggregate principal amount of all outstanding Debt of HR and its Subsidiaries (determined on a consolidated basis in accordance with generally accepted accounting principles), which is secured by any Lien on property of HR or any Subsidiary, is greater than 40% of the sum of (without duplication) (i) the Total Assets of HR and its Subsidiaries as of the end of the calendar quarter covered in HR's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the Commission (or, if such filing is not permitted under the Securities Exchange Act of 1934, with the Trustee) prior to the incurrence of such additional Debt and (ii) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent that such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by HR or any Subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt.

Maintenance of Total Unencumbered Assets. HR and its Subsidiaries will not at any time own Total Unencumbered Assets (as defined below) equal to less than 150% of the aggregate outstanding principal amount of the Unsecured Debt (as defined below) of HR and its Subsidiaries on a consolidated basis.

Debt Service Coverage. In addition to the foregoing limitations on the incurrence of Debt, HR will not, and will not permit any Subsidiary to, incur any Debt if the ratio of Consolidated Income Available for Debt Service (as defined below) to the Consolidated Interest Expense (as defined below) for the four consecutive fiscal quarters most recently ended prior to the date on which such additional Debt is to be incurred shall have been less than 1.5:1 on a pro forma basis after giving effect thereto and to the application of the proceeds therefrom, and calculated on the assumption that (i) such Debt and any other Debt incurred by HR and its Subsidiaries since the first day of such four-quarter period and the application of the proceeds therefrom, including to refinance other Debt, had occurred at the beginning of such period; (ii) the repayment or retirement of any other Debt by HR and its Subsidiaries since the first day of such four-quarter period had been repaid or retired at the beginning of such period (except that, in making such computation, the amount of Debt under any revolving credit facility shall be computed based upon the average daily

balance of such Debt during such period); (iii) in the case of Acquired Debt (as defined below) or Debt incurred in connection with any acquisition since the first day of such four-quarter period, the related acquisition had occurred as of the first day of such period with the appropriate adjustments with respect to such acquisition being included in such pro forma calculation; and (iv) in the case of any acquisition or disposition by HR or its Subsidiaries of any asset or group of assets since the first day of such four-quarter period, whether by merger, stock

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purchase or sale, or asset purchase or sale, such acquisition or disposition or any related repayment of Debt had occurred as of the first day of such period with the appropriate adjustments with respect to such acquisition or disposition being included in such pro forma calculation.

Existence. The Indenture requires HR to keep in full force and effect its corporate existence and rights (by articles of incorporation, bylaws or statute) and the franchises of HR and its Subsidiaries. HR is not, however, required to preserve any right or franchise if it determines that the preservation thereof is no longer desirable in the conduct of its business and that the loss thereof is not disadvantageous in any material respect to the holders of the notes.

Maintenance of Properties. The Indenture requires HR to cause all of its properties to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and must cause to be made all necessary repairs, renewals, replacements, betterments and improvements of such properties, all as in the judgment of HR may be necessary so that the business carried on in connection with the properties may be properly and advantageously conducted at all times. HR and its Subsidiaries are not, however, prevented from selling or otherwise disposing for value of properties in the ordinary course of business.

Payment of Taxes and Other Claims. The Indenture requires HR to pay or discharge the following, before they become delinquent: (a) all taxes, assessments and governmental charges levied or imposed upon it or any Subsidiary or upon the income, profits or property of HR or any Subsidiary, and (b) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon the property of HR or any Subsidiary. HR will not be required to pay or discharge any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

For purposes of the foregoing covenants, the defined terms have the following meanings:

Acquired Debt means Debt of a Person (i) existing at the time such Person becomes a Subsidiary or (ii) assumed in connection with the acquisition of assets from such Person, in each case, other than Debt incurred in connection with, or in contemplation of, such Person becoming a Subsidiary or such acquisition. Acquired Debt shall be deemed to be incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Subsidiary.

Annual Consolidated Interest Expense for any twelve-month period means the Consolidated Interest Expense for such period in accordance with generally accepted accounting principles.

Business Day, when used with respect to any Place of Payment or any other particular location referred to in the Indenture or in the Securities, means, unless otherwise specified with respect to any Securities pursuant to Section 301 of the Indenture, any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in that Place of Payment or particular location are authorized or required by law, regulation or executive order to close.

Capital Lease means at any time a lease with respect to which the lessee is required concurrently to recognize the acquisition of any asset and the incurrence of a liability in accordance with generally accepted accounting principles.

Capital Stock means, with respect to any Person, any capital stock (including preferred stock), shares, interests, participations or other ownership interests (however designated) of such Person and any rights (other than debt securities convertible into or exchangeable for corporate stock), warrants or options to purchase any thereof.

Capitalized Lease Obligation means, with respect to any Person and a Capital Lease, the amount of the obligation of such Person as the lessee under such Capital Lease which would, in accordance with generally accepted accounting

principles, appear as a liability on a balance sheet of such Person.

Consolidated Income Available for Debt Service for any period means Earnings from Operations plus amounts which have been deducted, and minus amounts which have been added, for:

Consolidated Interest Expense;

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provision for taxes of HR and its Subsidiaries based on income;

amortization (other than amortization of debt discount) and depreciation;

provisions for gains and losses from sales or joint ventures;

increases in deferred taxes and other non-cash items;

charges resulting from a change in accounting principles; or

charges for early extinguishment of debt.

Consolidated Interest Expense means, for any period, and without duplication, all interest (including the interest component of rentals on capitalized leases, letter of credit fees, commitment fees and other like financial charges) and all amortization of debt discount on all Debt (including, without limitation, payment-in-kind, zero coupon and other like securities) of HR and its Subsidiaries, but excluding legal fees, title insurance charges and other out-of-pocket fees and expenses incurred in connection with the issuance of Debt, all determined in accordance with generally accepted accounting principles, and the amount of dividends which are payable during such period in respect of any Disqualified Stock.

Consolidated Net Income for any period means the amount of net income (or loss) of HR and its Subsidiaries for such period determined in accordance with generally accepted accounting principles after eliminating intercompany accounts and transactions.

Debt of HR or any Subsidiary means any indebtedness of HR or any Subsidiary, whether or not contingent, in respect of (without duplication):

borrowed money or evidenced by bonds, notes, debentures or similar instruments;

indebtedness secured by any mortgage, pledge, lien, charge, encumbrance or any security interest existing on property owned by HR or any Subsidiary;

the reimbursement obligations, contingent or otherwise, in connection with any letters of credit actually issued or amounts representing the balance deferred and unpaid of the purchase price of any property or services, except any such balance that constitutes an accrued expense or trade payable, or all conditional sale obligations under any title retention agreement;

the principal amount of all obligations of HR or any Subsidiary with respect to redemption, repayment or other repurchase of any Disqualified Stock;

every Hedging Obligation; or

any lease of property by HR or any Subsidiary as lessee which is reflected on HR's consolidated balance sheet in accordance with generally accepted accounting principles.

Debt also includes, to the extent not otherwise included, any obligation by HR or any Subsidiary to be liable for, or to pay, as obligor, guarantor or otherwise (other than for purposes of collection in the ordinary course of business), Debt of another Person (other than HR or any Subsidiary).

Disqualified Stock means, with respect to any Person, any Capital Stock of such Person which by the terms of such Capital Stock (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable), upon the happening of any event or otherwise:

matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise (other than Capital Stock which is redeemable solely in exchange for common stock);

is convertible into or exchangeable or exercisable for Debt or Disqualified Stock; or

is redeemable at the option of the holder thereof, in whole or in part (other than Capital Stock which is redeemable solely in exchange for Capital Stock which is not Disqualified Stock or the redemption price of which may, at the option of such Person, be paid in Capital Stock which is not Disqualified Stock), in each case on or prior to the Stated Maturity of the notes.

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Earnings from Operations for any period means the net earnings determined in accordance with generally accepted accounting principles, excluding gains and losses on sales of investments, extraordinary items and property valuation losses.

Hedging Obligations means, with respect to any Person, all obligations of such Person under:

interest rate swap agreements, interest rate cap agreements and interest rate collar agreements;

foreign exchange contracts, currency swap agreements or similar agreements; and

other agreements or arrangements designed to protect such Person against fluctuations, or otherwise to establish financial hedges in respect of, exchange rates, currency rates or interest rates.

Lien means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including, in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

Mortgage Debt means Debt of HR or any Subsidiary secured by a Lien on one or more parcels of their real property.

Person means an individual, partnership, corporation, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, government agency or political subdivision of a government agency.

Place of Payment means, when used with respect to the Securities of or within any series, the place or places where the principal of (and premium or Make-Whole Amount, if any) and interest on such Securities are payable as specified as contemplated by Sections 301 and 1002 of the Indenture.

Secured Debt means Debt secured by any mortgage, trust deed, deed of trust, deed to secure debt, security agreement, pledge, conditional sale or other title retention agreement, capitalized lease, or other like agreement granting or conveying security title to or a security interest in real property or other tangible assets, other than those relating to intercompany debt. For purposes hereof, such Debt shall become Secured Debt at the time it first becomes secured by execution of any of the documents, instruments or agreements described in the immediately preceding sentence.

Security means any security or securities authenticated and delivered under the Indenture.

Stated Maturity means, when used with respect to any Security or any installment of principal of such Security or interest on such Security, the date specified in such Security or a coupon representing such installment of interest as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable.

Subsidiary means, with respect to any Person, any corporation or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests of which are owned, directly or indirectly, by such Person. For purposes of this definition, voting equity securities means equity securities having voting power for the election of directors, whether at all times or only so long as no senior class of security has such voting power by reason of any contingency.

Total Assets as of any date means the sum of (i) Undepreciated Real Estate Assets and (ii) all other assets of HR determined in accordance with generally accepted accounting principles (but excluding intangibles).

Total Unencumbered Assets as of any date means the sum of (i) those Undepreciated Real Estate Assets not securing any portion of Secured Debt and (ii) all other assets of HR and its Subsidiaries not securing any portion of Secured Debt determined in accordance with generally accepted accounting principles (but excluding intangibles) after eliminating intercompany accounts and transactions.

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Undepreciated Real Estate Assets as of any date means the cost (original cost plus capital improvements) of any real estate assets of HR and its Subsidiaries on such date, before depreciation and amortization, determined on a consolidated basis in accordance with generally accepted accounting principles.

Unsecured Debt means at any time the aggregate unpaid principal amount of all Debt of HR and its Subsidiaries other than (i) Debt of a Subsidiary owing to HR or to a Wholly-Owned Subsidiary, (ii) Mortgage Debt and (iii) Secured Debt.

Wholly-Owned Subsidiary means, at any time, any Subsidiary 100% of all of the equity interests (except directors qualifying shares) and voting interests and all Debt of which are owned by any one or more of HR and HR's other Wholly-Owned Subsidiaries at such time.

Merger, Consolidation or Sale

The Indenture provides that we may consolidate with, or sell, lease or convey all or substantially all of our assets to, or merge with or into, any other Person, provided that:

either the Company shall be the continuing entity, or the successor entity (if other than us) shall be a person organized and existing under the laws of the United States or a state thereof and such successor entity shall expressly assume all of our obligations under the Indenture;

immediately after giving effect to such transaction and treating any indebtedness which becomes an obligation of the Company or any subsidiary as a result of such transaction as having been incurred by us or such subsidiary at the time of such transaction, no Event of Default under the Indenture, and no event which, after notice or the lapse of time, or both, would become such an Event of Default, shall have occurred and be continuing; and

an officer's certificate and legal opinion covering such conditions shall be delivered to the Trustee.

Events of Default, Notice and Waiver

The following events constitute Event(s) of Default under the Indenture with respect to the notes:

default in the payment of any installment of interest on any of the notes, and the continuance of such default for a period of 30 days;

default in the payment of principal of (or premium or Make-Whole Amount, if any, on) any of the notes;

default in the performance or breach of any other covenant or warranty of HR contained in the Indenture (other than a covenant added to the Indenture solely for the benefit of a series of Debt Securities issued under the Indenture other than the notes), continued for 60 days after written notice as provided in the Indenture;

default in the payment of any recourse indebtedness of HR having an aggregate principal amount exceeding \$10,000,000 or any bond, debenture, note, mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any such recourse indebtedness for money borrowed by HR (or by any Subsidiary, the repayment of which HR has guaranteed or for which HR is directly responsible or liable as obligor or guarantor), such default having occurred after the expiration of any applicable grace period and having resulted in the acceleration of the maturity of such indebtedness, but only if such indebtedness is not discharged or such acceleration is not rescinded or annulled within ten days after HR is given a notice of such

default as provided in the Indenture;

the entry by a court of competent jurisdiction of one or more judgments, orders or decrees against HR or its subsidiaries in an aggregate amount in excess of \$10,000,000, if such judgment, order or decree remains undischarged, unstayed and unsatisfied in an aggregate amount (excluding amounts covered by insurance) in excess of \$10,000,000 for a period of thirty consecutive days; or

certain events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee of HR, certain of its subsidiaries, or its property.

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If an Event of Default under the Indenture (other than an Event of Default arising from bankruptcy, insolvency or reorganization of HR) occurs and is continuing, then the Trustee or the holders of not less than 25% of the principal amount of the outstanding notes will have the right to declare the principal amount, and the Make-Whole Amount, if any, of all the notes to be due and payable immediately by written notice to HR (and to the Trustee if given by the holders). If an Event of Default with respect to the notes results from bankruptcy, insolvency or reorganization of HR, all outstanding notes shall become due and payable without any further action or notice. However, at any time after such a declaration of acceleration with respect to the notes has been made, but before a judgment or decree for payment of the money due has been obtained by the Trustee, the holders of a majority in principal amount of the outstanding notes by written notice to HR and the Trustee, may rescind and annul such declaration and its consequences if (a) HR shall have paid or deposited with the Trustee a sum sufficient to pay all overdue installments of interest on the outstanding notes, the principal of (and premium or Make-Whole Amount, if any, on) any outstanding notes which have become due otherwise than by such declaration of acceleration and interest on such notes, all other overdue amounts and certain compensation, expense, disbursements and advances of the Trustee and (b) all Events of Default, other than the non-payment of accelerated principal (or specified portion thereof or premium or Make-Whole Amount, if any, with respect to the notes have been cured or waived as provided in the Indenture. The Indenture also provides that the holders of not less than a majority in principal amount of the outstanding notes may waive any past default with respect to the notes and its consequences, except a default (x) in the payment of the principal of (or premium or Make-Whole Amount, if any) or interest on or additional amounts payable in respect of any notes or (y) in respect of a covenant or provision contained in the Indenture that cannot be modified or amended without the consent of the holder of each outstanding note affected thereby.

The Trustee will be required to give notice to the holders of the notes within 90 days of a default under the Indenture of which the Trustee has knowledge unless such default shall have been cured or waived. The Trustee may, however, withhold notice to the holders of the notes of any default with respect to such notes, except a default in the payment of the principal of (or premium or Make-Whole Amount, if any) or interest on any note if specific responsible officers of the Trustee in good faith consider such withholding to be in the interest of the holders of the notes.

The Indenture provides that no holder of the notes may institute any proceedings, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy thereunder, unless: (i) such holder has previously given notice to the Trustee of a continuing Event of Default, (ii) the holders of not less than 25% in principal amount of the notes have made a written request to the Trustee to institute proceedings in respect of such Event of Default; (iii) such holder or holders have offered the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (iv) the Trustee, for 60 days after receipt of the notice, request and offer of indemnity has failed to institute any proceeding in respect of the Event of Default; and (v) the Trustee has not received during such 60-day period an inconsistent written direction from the holders of a majority in principal amount of the outstanding notes; however, no one or more holders shall have any right in any manner whatsoever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other holder, or to obtain or to seek to obtain priority or preference over any other holder or to enforce any right under the Indenture, except in the manner provided in the Indenture and for the equal and ratable benefit of all of the holders.

The foregoing restrictions on instituting proceedings will not prevent any holder of notes from instituting suit for the enforcement of payment of the principal of (and premium and Make-Whole Amount, if any) and interest on such notes at the respective due dates of the notes.

Subject to these duties in case of an Event of Default, the Trustee will not be under any obligation to exercise any of its rights or powers under the Indenture at the request or direction of any holders of any notes then outstanding under the Indenture, unless such holders shall have offered to the Trustee reasonable security or indemnity. The holders of

not less than a majority in principal amount of the outstanding notes shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or of exercising any trust or power conferred upon the Trustee with respect to the notes. However, the Trustee may refuse to follow any direction which is in conflict with any law or the Indenture, which may involve the Trustee in personal liability or which may be unduly prejudicial to the holders of notes not joining therein.

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Within 120 days after the close of each fiscal year, HR is required to deliver to the Trustee a certificate, signed by one of several specified officers, stating whether or not such officer has knowledge of any default under the Indenture and, if so, specifying each such default and the nature and status of such default.

Modification of the Indenture

Modifications and amendments of the Indenture may be made by HR and the Trustee, with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding notes issued under the Indenture which are affected by the modification or amendment, but no such modification may, without a consent of each holder of such notes affected by such modification:

change the stated maturity date of the principal of (or premium or Make-Whole Amount, if any) or any installment of interest, if any, on any note;

reduce the principal amount of (or premium or Make-Whole Amount, if any) or the rate or amount of interest, if any, or other payment term on any note;

change the place or currency of payment of principal of (or premium or Make-Whole Amount, if any) or interest, if any, on any note;

impair the right to institute suit for the enforcement of any such payment on or with respect to any notes;

reduce the above-stated percentage of holders of notes necessary to modify or amend the Indenture; and

modify the foregoing requirements or reduce the percentage of outstanding notes necessary to waive compliance with certain provisions of the Indenture or for waiver of certain defaults.

The holders of not less than a majority in principal amount of outstanding notes affected thereby will have the right to waive compliance by HR with certain covenants in the Indenture.

Modifications and amendments of the Indenture may be made by HR and the Trustee without the consent of the holders for certain matters, including creation of additional classes of Debt Securities, adding to the covenants of HR for the benefit of the note holders of the notes and adding, changing or eliminating any provisions of the Indenture in respect to other series of Debt Securities, provided that such addition, change or elimination shall not adversely affect the rights of the holders of the outstanding notes.

The Indenture contains provisions for convening the meeting of the holders of notes to take permitted action. A record date may be set for any act of the holders of the notes with respect to consent to an amendment.

Defeasance and Covenant Defeasance

The notes are subject to defeasance and covenant defeasance, as described in the Indenture. Specifically, HR, at its option (a) will be discharged from any and all obligations in respect of the notes (except for certain obligations to register the transfer or exchange of the notes, to replace, destroyed, stolen, lost or mutilated notes, and to maintain an office or agency in respect of the notes and hold moneys for payment in trust) or (b) will be released from its obligations to comply with the covenants that are specified under Certain Covenants above with respect to the notes, and the occurrence of an Event of Default described above shall no longer be an Event of Default if, in either case, HR irrevocably deposits with the Trustee, in trust, money or U.S. Government obligations that through payment of interest thereon and principal thereof in accordance with their terms will provide money in an amount sufficient to pay all of

the principal of (and premium or Make-Whole Amount, if any) and any interest on the notes on the dates such payments are due (which may include one or more redemption dates designated by HR) in accordance with the terms of such notes and certain other conditions provided for in the Indenture are complied with. Such a trust may only be established if, among other things, (a) no Event of Default or event which with the giving of notice or lapse of time, or both, would become an Event of Default under the Indenture shall have occurred and be continuing on the date of such deposit, and (b) HR shall have delivered an opinion of counsel to the effect that the holders of the notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit or defeasance and will be subject to U.S. federal income tax in the same manner as if such deposit and defeasance had not occurred. In the event HR omits to comply with its remaining obligations under the Indenture

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after a defeasance of the Indenture with respect to the notes as described above and the notes are declared due and payable because of the occurrence of any undefeased Event of Default, the amount of money and U.S. Government Obligations on deposit with the applicable Trustee may be insufficient to pay amounts due on the notes at the time of the acceleration resulting from such Event of Default. However, HR will remain liable for such payments.

Sinking Fund

The notes are not entitled to any sinking fund payments.

The Registrar and Paying Agent

HR has initially designated Regions Bank, as the registrar and paying agent for the notes. Payments of interest and principal will be made, and the notes will be transferable, at the office of the paying agent, 315 Deaderick Street, 4th Floor, Nashville, Tennessee 37237, or all such other place or places as may be designated pursuant to the Indenture. In the case of notes which HR issued in book-entry form represented by a global security, payments will be made to a nominee of the depository.

Book-Entry System

The notes will be issued in the form of one or more fully registered global securities (Global Securities) that will be deposited with, or on behalf of, The Depository Trust Company (DTC) and registered in the name of DTC's nominee, Cede & Co. Except under the circumstance described below, the notes will not be issuable in definitive form. Unless and until it is exchanged in whole or in part for the individual notes represented thereby, a Global Security may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee of DTC to a successor depository or any nominee of such successor.

DTC has advised HR of the following information regarding DTC: DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants (Participants) deposit with DTC. DTC also facilitates the settlement among its Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in its Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants of DTC (Direct Participants) include securities brokers and dealers (including the underwriters), banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant of DTC, either directly or indirectly (Indirect Participants). The rules applicable to DTC and its Participants are on file with the Commission.

Purchases of Global Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the securities on DTC's records. The ownership interest of each actual purchaser of each Global Security (Beneficial Owner) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Global Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership

interests in Global Securities, except in the event that use of the book-entry system for the Global Securities is discontinued.

To facilitate subsequent transfers, all Global Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Global Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the

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actual Beneficial Owners of the Global Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Global Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Global Securities. Under its usual procedures, DTC mails an Omnibus Proxy to HR as soon as possible after a record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Global Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy). Principal and interest payments on the Global Securities will be made to Cede & Co., as nominee of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from HR or the Trustee, on the date payable in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such Participant and not of DTC, the Trustee or HR, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. is the responsibility of HR or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Global Securities at any time by giving reasonable notice to HR or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, definitive certificates are required to be printed and delivered.

HR may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, definitive certificates will be printed and delivered. Notes so issued in definitive form will be issued as registered notes in denominations that are integral multiples of \$1,000.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that HR believes to be reliable, but HR takes no responsibility for the accuracy thereof.

Same-Day Settlement and Payment

All payments of principal and interest in respect of the notes will be made by HR in immediately available funds.

The notes will trade in DTC's Same-Day Funds Settlement System until maturity or until the notes are issued in certificated form, and secondary market trading activity in the notes will therefore be required by DTC to settle in immediately available funds. No assurance can be given as to the effect, if any, of settlement in immediately available funds on trading activity in the notes.

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CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following summary is a general discussion of certain U.S. federal income tax considerations to U.S. Holders and Non-U.S. Holders, each as defined herein, with respect to the purchase, ownership and disposition of the notes. This discussion only applies to holders who purchase the notes upon their original issuance in this offering at their initial offering price. This summary is generally limited to holders who will hold the notes as capital assets within the meaning of Section 1221 of the Code (as defined below) (i.e., generally as investments), and does not deal with special tax situations including, but not limited to, those that may apply to particular holders such as tax-exempt organizations, holders subject to the U.S. federal alternative minimum tax, brokers, dealers in securities or currencies, commodities or foreign currencies, banks or other financial institutions, hybrid entities, real estate investment trusts, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, insurance companies, regulated investment companies, former citizens or former long-term residents of the United States, partnerships or other pass-through entities or investors therein, controlled foreign corporations, passive foreign investment companies, individual retirement and other tax-deferred accounts, U.S. Holders whose functional currency is not the U.S. dollar and persons who hold the notes in connection with a straddle, hedging, conversion or other risk reduction transaction. This discussion does not address any alternative minimum tax consequences, U.S. federal estate or gift tax laws, or the tax laws of any state, local or foreign government that may be applicable to the notes.

If a partnership is a beneficial owner of a note, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A beneficial owner that is a partnership and partners in such a partnership should consult their tax advisors.

The U.S. federal income tax considerations set forth below are based upon the Internal Revenue Code of 1986, as amended, or the Code, Treasury regulations promulgated thereunder, court decisions, and rulings and pronouncements of the Internal Revenue Service, or the IRS, now in effect, all of which are subject to change. Holders should particularly note that any such change could have retroactive application so as to result in U.S. federal income tax consequences different from those discussed below. No ruling has been or is expected to be sought from the IRS with respect to the statements made and the conclusions reached in this discussion, and the IRS would not be precluded from taking contrary positions. There can be no assurance that the IRS will not take a different position concerning the U.S. federal income tax consequences of the purchase, ownership or disposition of the notes or that any such position would not be sustained.

U.S. Holders

As used herein, the term U.S. Holder means a beneficial owner of a note that is for U.S. federal income tax purposes:

an individual who is a citizen or resident of the United States, which includes an alien resident who is a lawful permanent resident of the United States or meets the substantial presence test under Section 7701(b) of the Code;

a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have authority to control all of its substantial decisions, or (ii) the trust has a valid

election in effect under applicable Treasury regulations to be treated as a U.S. person.

Stated Interest

The stated interest that is payable on the notes will be qualified stated interest and a U.S. Ho