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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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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>	
	March 31, 2019	December 31, 2018
ASSETS		
Real estate properties:		
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
Total assets	\$3,362,523	\$3,191,247
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
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
Total liabilities	1,556,744	1,474,605
Commitments and contingencies		
Stockholders' equity:		
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)
Total stockholders' equity	1,805,779	1,716,642
Total liabilities and stockholders' equity	\$3,362,523	\$3,191,247

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)

	Three Months Ended	
	March 31,	
	2019	2018
REVENUES		
Rental income	\$ 110,696	\$ 110,229
Other operating	1,961	1,895
	112,657	112,124
EXPENSES		
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
OTHER INCOME (EXPENSE)		
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)
NET INCOME		
	\$ 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.

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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)

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