

HEALTHCARE TRUST OF AMERICA, INC.
Form 10-Q
October 29, 2014

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

FORM 10-Q

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

For the quarterly period ended September 30, 2014
or

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

For the transition period from _____ to _____
Commission File Number: 001-35568 (Healthcare Trust of America, Inc.)
Commission File Number: 333-190916 (Healthcare Trust of America Holdings, LP)

HEALTHCARE TRUST OF AMERICA, INC.
HEALTHCARE TRUST OF AMERICA HOLDINGS, LP

(Exact name of registrant as specified in its charter)
Maryland (Healthcare Trust of America, Inc.) 20-4738467
Delaware (Healthcare Trust of America Holdings, LP) 20-4738347
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

16435 N. Scottsdale Road, Suite 320
Scottsdale, Arizona 85254
(Address of principal executive offices)
(480) 998-3478

(Registrant's telephone number, including area code)
N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Healthcare Trust of America, Inc. Yes No
Healthcare Trust of America Holdings, LP Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Healthcare Trust of America, Inc. Yes No
Healthcare Trust of America Holdings, LP Yes No

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

Healthcare Trust of America, Inc. Large-accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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(Do not check if a smaller reporting company)

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

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

Healthcare Trust of America, Inc. Yes No

Healthcare Trust of America Holdings, LP Yes No

As of October 27, 2014, there were 238,946,821 shares of Class A common stock of Healthcare Trust of America, Inc. outstanding.

Explanatory Note

This report combines the Quarterly Reports on Form 10-Q for the quarter ended September 30, 2014 of Healthcare Trust of America, Inc. (“HTA”), a Maryland corporation, and Healthcare Trust of America Holdings, LP (“HTALP”), a Delaware limited partnership. Unless otherwise indicated or unless the context requires otherwise, all references in this Quarterly Report to “we,” “us,” “our,” “the Company” or “our Company” refer to HTA and HTALP, collectively. HTA operates as a real estate investment trust (“REIT”) and is the general partner of HTALP. As of September 30, 2014, HTA owned a 99.0% partnership interest in HTALP, and other limited partners, including some of HTA’s directors, executive officers and their affiliates, owned the remaining partnership interest (including the long term incentive plan (“LTIP”) units) in HTALP. As the sole general partner of HTALP, HTA has the full, exclusive and complete responsibility for HTALP’s day-to-day management and control, including its compliance with the Securities and Exchange Commission (“SEC”) filing requirements.

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

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

The Company believes combining the Quarterly Reports on Form 10-Q of HTA and HTALP, including the notes to the condensed consolidated financial statements, into this single Quarterly Report results in the following benefits:

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

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

- the condensed consolidated financial statements;
- certain accompanying notes to the condensed consolidated financial statements, including Note 8 - Debt, Note 11 - Stockholders’ Equity and Partners’ Capital, Note 13 - Per Share Data of HTA, and Note 14 - Per Unit Data of HTALP;
- the Funds From Operations (“FFO”) and Normalized FFO in Part I, Item 2 of this Quarterly Report;
- the controls and procedures in Part I, Item 4 of this Quarterly Report; and
- the certifications of the Chief Executive Officer and the Chief Financial Officer included as Exhibits 31 and 32 to this Quarterly Report.

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

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

HEALTHCARE TRUST OF AMERICA, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

(Unaudited)

	September 30, 2014	December 31, 2013
ASSETS		
Real estate investments:		
Land	\$272,922	\$203,001
Building and improvements	2,554,006	2,358,071
Lease intangibles	413,403	411,857
	3,240,331	2,972,929
Accumulated depreciation and amortization	(518,647) (445,938
Real estate investments, net (see Note 2)	2,721,684	2,526,991
Assets held for sale, net	22,930	—
Real estate notes receivable	8,520	28,520
Cash and cash equivalents	18,415	18,081
Restricted cash and escrow deposits	31,329	18,114
Receivables and other assets, net	141,561	110,285
Other intangibles, net	42,362	50,343
Total assets	\$2,986,801	\$2,752,334
LIABILITIES AND EQUITY		
Liabilities:		
Debt	\$1,497,136	\$1,214,241
Accounts payable and accrued liabilities	98,163	82,893
Derivative financial instruments - interest rate swaps	4,127	5,053
Security deposits, prepaid rent and other liabilities	31,935	35,339
Intangible liabilities, net	11,520	11,797
Total liabilities	1,642,881	1,349,323
Commitments and contingencies		
Redeemable noncontrolling interest of limited partners	3,258	3,262
Equity:		
Preferred stock, \$0.01 par value; 200,000,000 shares authorized; none issued and outstanding	—	—
Class A common stock, \$0.01 par value; 1,000,000,000 shares authorized; 238,944,761 and 236,880,614 shares issued and outstanding as of September 30, 2014 and December 31, 2013, respectively	2,389	2,369
Additional paid-in capital	2,147,688	2,126,897
Cumulative dividends in excess of earnings	(820,978) (742,060
Total stockholders' equity	1,329,099	1,387,206
Noncontrolling interest	11,563	12,543
Total equity	1,340,662	1,399,749
Total liabilities and equity	\$2,986,801	\$2,752,334

The accompanying notes are an integral part of these condensed consolidated financial statements.

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HEALTHCARE TRUST OF AMERICA, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (In thousands, except per share data)
 (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues:				
Rental income	\$95,277	\$82,349	\$274,675	\$235,595
Interest income from real estate notes receivable	257	635	1,834	