HEALTHCARE TRUST OF AMERICA, INC.
Form 10-K
February 22, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

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

For the year ended December 31, 2015
Or

o 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)	(Zip Code)

Registrant's telephone number, including area code: (480) 998-3478
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A common stock, par value $0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

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

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.
x

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 x	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o
			(Do not check if a smaller reporting company)	
Healthcare Trust of America Holdings, LP	Large-accelerated filer o	Accelerated filer o	Non-accelerated filer x	Smaller reporting company o
			(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.	o Yes	x No	Healthcare Trust of America Holdings, LP	o Yes	x No

The aggregate market value of Healthcare Trust of America, Inc.'s Class A common stock held by non-affiliates as of June 30, 2015, the last business day of the most recently completed second fiscal quarter, was approximately $2,975,115,000, computed by reference to the closing price as reported on the New York Stock Exchange.

As of February 17, 2016, there were 130,510,907 shares of Class A common stock of Healthcare Trust of America, Inc. outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy statement for the Annual Meeting of Stockholders are incorporated by reference into Part III, Items 10-14 of this Annual Report on Form 10-K.

Explanatory Note

This Annual Report combines the Annual Reports on Form 10-K (“Annual Report”) for the year ended December 31, 2015 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 Annual Report to “we,” “us,” “our,” “the Company” or “our Company” refer to HTA and HTALP, collectively, and all references to “common stock” shall refer to the Class A common stock of HTA.

HTA operates as a real estate investment trust (“REIT”) and is the general partner of HTALP. As of December 31, 2015, HTA owned a 98.5% 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 of HTALP, HTALP generates the capital required for the business through its operations and by direct or indirect incurrence of indebtedness or through the issuance of its partnership units.

Noncontrolling interests, stockholders’ equity and partners’ capital are the primary areas of difference between the consolidated financial statements of HTA and HTALP. Limited partnership units in HTALP are accounted for as partners’ capital in HTALP’s consolidated balance sheets and as noncontrolling interest reflected within equity in HTA’s 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 Annual Reports of HTA and HTALP, including the notes to the consolidated financial statements, into this single Annual 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 Annual Report applies to both HTA and HTALP; and
- creates time and cost efficiencies through the preparation of a single combined Annual Report instead of two separate Annual Reports.

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

- the market for registrant’s common equity, related stockholder matters and issuer purchase of equity securities in Item 5 of this Annual Report;
- the selected financial data in Item 6 of this Annual Report;
- the Funds From Operations (“FFO”) and Normalized FFO in Item 7 of this Annual Report;
- the controls and procedures in Item 9A of this Annual Report;
- the consolidated financial statements in Item 15 of this Annual Report;
- certain accompanying notes to the consolidated financial statements, including Note 3 - Investments in Real Estate, Note 7 - Debt, Note 10 - Stockholders’ Equity and Partners’ Capital, Note 12 - Per Share Data of HTA, Note 13 - Per Unit Data of HTALP, Note 15 - Tax Treatment of Dividends of HTA, Note 17 - Selected Quarterly Financial Data of HTA and Note 18 - Selected Quarterly Financial Data of HTALP;
- the statement regarding the computation of the ratio of earnings to fixed charges included as Exhibit 12.1 to this Annual Report; and
- the certifications of the Chief Executive Officer and the Chief Financial Officer included as Exhibits 31 and 32 to this Annual Report.

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

HEALTHCARE TRUST OF AMERICA, INC. AND
HEALTHCARE TRUST OF AMERICA HOLDINGS, LP
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PART I

Item 1. Business

BUSINESS OVERVIEW

HTA, a Maryland corporation, and HTALP, a Delaware limited partnership, were incorporated or formed, as applicable, on April 20, 2006.

HTA is a REIT and one of the leading owners and operators of medical office buildings ("MOBs") located in key markets in the United States ("U.S."). Our primary objective is to generate stockholder value through consistent and growing dividends and appreciation of real estate value. The Company has invested $3.6 billion to form a high quality portfolio of MOBs and other healthcare real estate assets located in core, critical locations in key markets throughout the U.S.

We invest in MOBs that we believe are core, critical to the delivery of healthcare in this changing environment. Healthcare is the fastest growing segment of the U.S. economy, with an expected average growth rate of 6.0% between 2015 and 2024, with overall spending expected to increase to 19.6% of GDP by 2024 according to the U.S. Centers for Medicare & Medicaid Services. Similarly, healthcare is experiencing the fastest employment growth in the U.S., a trend that is expected to continue over the next decade. These high levels of demand are driven by the aging U.S. population and the long-term impact of the Affordable Care Act of 2010 (the "Affordable Care Act"). As demand increases, healthcare services are increasingly being provided in the lower cost and more convenient outpatient settings, such as MOBs. As a result, HTA believes that well located MOBs will provide stable cash flows with relatively low vacancy risk, while allowing for potentially higher returns through their exposure to the fast growing healthcare sector.

As of December 31, 2015, our portfolio consisted of approximately 15.5 million square feet of gross leasable area ("GLA"). Approximately 97% of our portfolio, based on GLA, is located on the campuses of, or aligned with, nationally or regionally recognized healthcare systems. We believe these key locations and affiliations create significant demand from healthcare related tenants for our properties. Further, our portfolio is primarily concentrated within major U.S. metropolitan areas that we believe will grow economically and demographically over the coming years, with over 91% of our investment located in key markets that are among the 75 largest in the U.S. as measured by population.

Effective December 15, 2014, HTA completed a reverse stock split (the "Reverse Stock Split") of its common stock. As a result of the Reverse Stock Split, every two issued and outstanding shares of common stock were converted into one share of common stock. HTA's par value and shares authorized remained unchanged. Concurrently with the Reverse Stock Split, HTALP effected a corresponding Reverse Stock Split of its outstanding units of limited partnership interests. The weighted average shares/units outstanding and per share/unit amounts for all periods prior to 2015 have been adjusted retroactively to reflect the Reverse Stock Split.

Our principal executive office is located at 16435 North Scottsdale Road, Suite 320, Scottsdale, AZ 85254, and our telephone number is (480) 998-3478. We maintain a website at www.htareit.com at which you may find additional information about us. The contents of the site are not incorporated by reference in, or otherwise a part of this filing. We make our periodic and current reports, as well as any amendments to such reports, available at www.htareit.com as soon as reasonably practicable after such materials are electronically filed with the SEC. These reports are also available in hard copy to any stockholder upon request.

HIGHLIGHTS

- For the year ended December 31, 2015, net income was $0.26 per diluted share, or $33.6 million, compared to $0.37 per diluted share, or $46.0 million, for the year ended December 31, 2014. Net income for the year ended December 31, 2014 included gains on the sales of real estate of $27.9 million.
- For the year ended December 31, 2015, HTA's Normalized FFO was $1.53 per diluted share, or $195.9 million, an increase of $0.07 per diluted share, or 4.8%, compared to the year ended December 31, 2014. For the year ended December 31, 2015, HTALP's Normalized FFO was $1.53 per diluted unit, or $195.9 million, an increase of $0.07 per diluted unit, or 4.8%, compared to the year ended December 31, 2014.
- For additional information on Normalized FFO, see Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations, which includes a reconciliation to net income attributable to common

stockholders/unitholders and an explanation of why we present this non-GAAP financial measure.

- For the year ended December 31, 2015, we achieved Same-Property Cash Net Operating Income ("NOI") growth of 2.9%.
- During the year ended December 31, 2015, our leased rate (includes leases which have been executed, but which have not yet commenced) was 92.0% by GLA and our occupancy rate was 91.4% by GLA.

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- During 2015, tenant retention for the Same-Property portfolio was 80%, which we believe is indicative of our commitment to maintaining high quality MOBs in desirable locations and fostering strong tenant relationships.
- During the year ended December 31, 2015, we acquired investments of $280.9 million, an increase in our total investments of approximately 8.4% by purchase price. These investments totaled approximately 805,000 square feet of GLA and were primarily located in our key markets of Atlanta, Boston, Charleston, Columbus, Indianapolis and Raleigh, and a vast majority were located on the campuses of, or aligned with, nationally and regionally recognized healthcare systems.
- Part of our investment strategy also includes recycling assets that are now considered non-core or are located outside our key markets. During 2015, we completed dispositions of six MOBs for an aggregate gross sales price of $35.7 million.
- As of December 31, 2015, we had total liquidity of $639.6 million, including cash and cash equivalents of $13.1 million and $626.5 million available on our unsecured revolving credit facility (includes the impact of $5.5 million of outstanding letters of credit).

BUSINESS STRATEGIES

Corporate Strategies

Invest in and Maintain a Portfolio of Properties that are in the Most Valuable Locations for Healthcare Delivery

The Company is focused on building and maintaining a portfolio consisting primarily of MOBs which allow for the efficient delivery of healthcare over the long-term. We believe that these types of properties which are located in key markets should increase the Company's total enterprise value. To date, we have invested over $3.6 billion to create one of the largest portfolios of healthcare real estate focused on the MOB sector in the U.S. As a result, we look to allocate capital to properties that exhibit the following key attributes:

- Located on the campuses of, or aligned with, nationally and regionally recognized healthcare systems in the U.S. We seek to invest in properties serving healthcare systems with dominant market share, high credit quality and those who are investing capital into their campuses. We believe our affiliations with these health systems help ensure long-term tenant demand. At December 31, 2015, 97% of our portfolio was located on the campuses of, or aligned with, nationally and regionally recognized healthcare systems.
- Attractive markets where we can maximize efficiencies through our asset management and leasing platform. We seek to own MOBs in primary and secondary markets with attractive demographics, economic growth and high barriers to entry. We have developed a strong presence across 15 to 20 key markets over the last nine years. In each of these markets we have established a strong asset management and leasing platform that has allowed us to develop valuable relationships with health systems, physician practices, universities and regional development firms that have led to investment and leasing opportunities. Our local platforms have also enabled us to focus on generating cost efficiencies as we gain scale across individual markets. As of December 31, 2015, we have approximately 700,000 to 1.0 million square feet of GLA in each of our top ten markets and 91% of our GLA is located in the Top 75 metropolitan statistical areas ("MSAs"). We expect to establish this scale across 20 to 25 key markets as our portfolio expands.
- Occupied with limited near term leasing risks. We seek to invest in and maintain well occupied properties that we believe are core, critical to the delivery of healthcare. We believe this in turn creates significant tenant demand for occupancy and also drives strong, long-term tenant retention as hospitals and physicians are reluctant to move or relocate, as evidenced by our 2015 Same-Property portfolio tenant retention rate of 80%. Further, we do not have an active development platform that seeks to invest in higher risk, lease-up opportunities.
- Credit-worthy tenants. Our primary tenants are healthcare systems, academic medical centers and leading physician groups. These groups typically have strong and stable financial performance. We believe this helps ensure stability in our rental income and tenant retention over time. At December 31, 2015, 61% of our annual base rent comes from credit-rated tenants, primarily health systems. A significant amount of our remaining rent comes from physician groups and medical healthcare system tenants that are credit-worthy, but do not have the size to benefit from a credit rating.
- Balanced mix of tenants. Our primary focus is placed on ensuring an appropriate and balanced mix of tenants to provide synergies within both individual buildings and the broader health system campus. We actively invest in both multi-tenant properties, which generally have shorter term leases on smaller spaces, and single-tenant properties,

which generally have longer term leases. The multi-tenant buildings provide for lower lease rollover risks in any particular year and regularly allow for rents to be reset to current market rates. We believe single-tenant buildings provide for steady long-term cash flow, but generally provide for more limited long-term growth.

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Maximize Internal Growth through Proactive Asset Management, Leasing and Property Management Oversight

Our internal asset management team operates 94% of our total portfolio, a significant increase from 30% five years ago. We believe this direct approach allows us to maximize our internal growth by improving occupancy and operating efficiencies at our properties and optimizing rental rates. Specific components of our overall strategy include:

- Maintaining regional offices in markets where we have a significant presence. This enables our in-house property management and leasing platform to (i) create close relationships with national and regional healthcare systems and other tenants and (ii) respond more directly and efficiently to their needs. HTA has five regional asset management headquarters, including its corporate headquarters in Scottsdale, Arizona. Our regional asset management headquarters are located in Albany, Atlanta, Charleston and Indianapolis. We have an additional 20 regional management offices located strategically in key markets across the U.S.
- Improving the quality of service provided to our tenants by being attentive to their needs, managing expenses and strategically investing capital. During 2015, we consistently achieved tenant retention for the Same-Property portfolio of 75% or more each quarter and tenant retention for the Same-Property portfolio for the year of 80%.
- Using market knowledge and economies of scale to seek to continually reduce our operating costs.
- Maintaining or increasing our average rental rates, actively leasing our vacant space and reducing leasing concessions. These leasing results contributed to our 3.0% or more Same-Property Cash NOI growth each quarter during 2015. For additional information on Same-Property Cash NOI, see Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations, which includes a reconciliation to net income and an explanation of why we present this non-GAAP financial measure.
- Maintaining a core, critical portfolio of properties and building our reputation as a dedicated leading MOB owner and operator.

Achieve External Growth through Targeted Investments

We plan to grow externally through targeted investments that improve the quality of our portfolio and are accretive to our cost of capital. To achieve this growth in competitive markets, we seek:

- Mid-sized investments in the $25 million to $75 million range. These transactions allow us to focus on the quality of individual properties and ensure they are accretive to our cost of capital. They also allow us to exhibit meaningful growth given our current mid-market size.
- Long-term relationships with key industry participants. We will continue our emphasis on long-term relationship building as we have over the last nine years. These relationships are cultivated by our senior management team, with key industry participants, including health systems and local and regional developers, which have traditionally provided us with valuable sources of potential investment opportunities.
- Local knowledge through our internal asset management platform. Our local personnel are participants in local industry activities which can provide insightful information with respect to potential opportunities.

Actively Maintain Conservative Capital Structure

We seek to actively manage our balance sheet to maintain our investment grade credit rating, to maintain conservative leverage and to preserve financing flexibility. This positioning will allow us to take advantage of strategic investment opportunities. In addition, we may also pursue dispositions of properties that we believe no longer align with our strategic objectives in order to redeploy capital. The strength of our balance sheet is demonstrated by our investment grade credit ratings. To maintain our strong and conservative balance sheet, we:

- Continue to maintain a high level of liquidity. As of December 31, 2015, we had $626.5 million available on our unsecured revolving credit facility.
- Maintain access to multiple sources of capital, including public debt and equity, unsecured bank loans and secured property level debt.
- Limit the amount of secured debt. During 2015, the percentage of secured debt, including net premiums/discounts and deferred financing costs to capitalization, decreased to 6% from 9% in 2014.
- Maintain a low leverage ratio. Our leverage ratio of debt to capitalization was 31.4% as of December 31, 2015.
- Maintain well laddered debt maturities. As of December 31, 2015, we had $52.8 million, $116.6 million, and $14.4 million of debt principal payments due in 2016, 2017 and 2018, respectively.

- As of December 31, 2015, the weighted average remaining term of our debt portfolio was 4.8 years, including extension options. During 2015, we lowered the average interest rate on our debt portfolio to 3.30% per annum, including the impact of interest rate swaps.

HEALTHCARE INDUSTRY

Healthcare Sector Growth

We operate in the healthcare industry which we believe is benefiting from several significant macroeconomic events, including an aging population and the implementation of the Affordable Care Act. These trends are driving growth in healthcare spending at a rate significantly faster than the broader U.S. economy.

The U.S. population is experiencing a significant aging of its population, as advancements in medical technology and changes in treatment methods enable people to live longer. This is expected to drive healthcare utilization higher as individuals consume more healthcare as they get older. Between 2015 and 2025, the U.S. population over 65 years of age is projected to increase by more than 38% and total almost 19% of the U.S. population as the baby boomer generation enters retirement. Individuals of this age spend the highest amounts on healthcare, averaging over $5,800 per individual over the age of 65 according to 2014 Consumer Expenditure Survey. This compares to healthcare expenditures of less than $1,600 per year for individuals under the age of 30. The older population group will increasingly require treatment and management of chronic and acute health ailments. We believe much of this increased care will take place in lower cost outpatient settings, which will continue to support MOB demand in the long term.

Source: U.S. Census 2014 National Population Projections.

The Affordable Care Act is a broad-based initiative that is expanding health insurance coverage for many Americans, further increasing the number of people who are able to utilize medical services. The Congressional Budget Office estimates an additional 25 million individuals will gain access to insurance coverage by 2017 as a result of this reform. As of Week 10 in the 2015-2016 enrollment period, an additional 8.7 million individuals had enrolled to receive coverage through the health insurance marketplaces. The Affordable Care Act’s focus on preventative care is also expected to increase the utilization of outpatient care into the future.

Source: Congressional Budget Office - Insurance Coverage Provisions of the Affordable Care Act.

Employment in the healthcare industry has steadily increased for at least 20 years despite three recessions. Healthcare-related jobs are among the fastest growing occupations, projected to increase by 19% between 2014 and 2024, significantly higher than the general U.S. employment growth projection of 7%, according to the Bureau of Labor Statistics. Additionally, the Bureau of Labor Statistics projects nine out of the top twelve occupations with the highest growth for workers will be in the healthcare sector. We expect the increased growth in the healthcare industry will correspond with a growth in demand for MOBs and other facilities that serve the healthcare industry.
Source: Bureau of Labor Statistics.
According to the latest data from 2014, Americas spent nearly $3.0 trillion, or 17.5% of total GDP, on healthcare expenditures, an increase of 5.3% from the previous year. The U.S. Centers for Medicare & Medicaid Services project that total healthcare expenditures will reach approximately $5.4 trillion by 2024. Healthcare expenditures are projected to grow an average 6.0% annually through 2024 and account for 19.6% of GDP by 2024. This growth in healthcare expenditures reflects the increasing demand for healthcare. It is also driving demand for cost effective care which generally takes place in outpatient settings such as MOBs.
Source: U.S. Centers for Medicare & Medicaid Services.

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Medical Office Building Supply and Demand

We believe that healthcare real estate, specifically MOBs, rents and valuations are less susceptible to changes in the general economy than general commercial real estate due to macroeconomic trends supporting the healthcare sector and the defensive nature of healthcare expenditures during economic downturns. For this reason, we believe MOB investments could potentially offer a more stable return to investors compared to other types of real estate investments. We also believe that demand for MOBs will increase due to a number of MOB specific factors, including:

- Evolution in the healthcare industry whereby procedures that have traditionally been performed in hospitals, such as surgery, move to outpatient facilities as a result of shifting consumer preferences, limited space in hospitals, and lower costs. In addition, increased specialization within the medical field is driving the demand for MOBs suited specifically toward a particular specialty.
- An increase in medical office visits due to the overall rise in healthcare utilization has in turn driven hiring within the healthcare sector. Additionally, the rate of employment growth in physicians' offices and outpatient care facilities has outpaced employment growth in hospitals during the past decade, further supporting the trend of increased utilization of healthcare services outside of the hospital. According to the Bureau of Labor Statistics, employment in physicians' offices is expected to increase by a cumulative 30.5% from 2014 to 2024 compared to a projected increase of 6.5% in total employment during this period.
- High and improving credit quality of physician tenants. In recent years, MOB tenants have increasingly consisted of larger hospital and physician groups. These groups utilize their size and expertise to obtain high rates of reimbursement and share overhead operating expenses. We believe these larger groups are generally credit-worthy and provide stability and long term value for MOBs.
- Construction of MOBs has been relatively constrained over the last five years, with high cost barriers to development in markets in which we invest.

Source: Marcus & Millichap, Cushman & Wakefield, Rosen Consulting Group.

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PORTFOLIO OF PROPERTIES

As of December 31, 2015, our portfolio consisted of approximately 15.5 million square feet of GLA, with a leased rate of 92.0% (includes leases which have been executed, but which have not yet commenced).

Our properties were primarily located on the campuses of, or aligned with, nationally and regionally recognized healthcare systems in the U.S. These include leading health systems such as Highmark-Allegheny Health Network, Greenville Hospital System, Tufts Medical Center, Hospital Corporation of America, Community Health Systems and Steward Health Care System. As of December 31, 2015, 97% of our portfolio, based on GLA, was located on the campuses of, or aligned with, nationally and regionally recognized healthcare systems.

Portfolio Diversification by Type	Number of Buildings	Number of States	GLA (1)	Percent of Total GLA		Annualized Base Rent (1)	Percent of Annualized Base Rent	
Medical Office Buildings:								
Single-tenant	73	17	3,760	24.3	%	$76,311	23.8	%
Multi-tenant	213	24	10,457	67.7		212,742	66.3	
Other Healthcare Facilities:								
Hospitals	10	4	655	4.2		23,016	7.2	
Senior care	9	3	581	3.8		9,030	2.7	
Total	305	28	15,453	100	%	$321,099	100	%

(1) In thousands.

SIGNIFICANT TENANTS

As of December 31, 2015, none of the tenants at our properties accounted for more than 6% of our annualized base rent. The table below shows our key health system relationships.

Health System	Weighted Average Remaining Lease Term in Years (1)	Total Leased GLA (1)(2)	Percent of Leased GLA		Annualized Base Rent (1)(2)(3)	Percent of Annualized Base Rent	
Highmark-Allegheny Health Network	6	876	6.2	%	$16,398	5.1	%
Greenville Hospital System	8	761	5.4		14,279	4.5	
Tufts Medical Center	12	252	1.8		9,662	3.0	
Hospital Corporation of America	4	387	2.7		9,576	3.0	
Community Health Systems (TN)	3	333	2.3		7,716	2.4	
Steward Health Care System	11	321	2.3		7,645	2.4	
Aurora Health Care	8	277	2.0		6,385	2.0	
Boston Medical Center	5	87	0.6		4,673	1.5	
Rush University Medical Center	4	137	1.0		4,672	1.5	
Indiana University Health	3	306	2.2		4,554	1.4	
Deaconess Health System	8	261	1.8		4,087	1.3	
Boston University	5	74	0.5		4,021	1.3	
Community Health Network (IN)	5	189	1.3		3,502	1.1	
Mercy Health	12	112	0.8		3,471	1.1	
Banner Health	3	137	1.0		3,322	1.0	
Diagnostic Clinic (BCBS of FL)	14	117	0.8		3,253	1.0	
Capital District Physicians Health Plan	11	205	1.4		3,155	1.0	
Total		4,832	34.1	%	$110,371	34.6	%

(1) Amounts in years and represent relationships with direct tenants.
(2) In thousands.
(3) Annualized base rent is calculated by multiplying contractual base rent as of December 31, 2015 by 12 (excluding the impact of abatements, concessions, and straight-line rent).

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GEOGRAPHIC CONCENTRATION

As of December 31, 2015, our portfolio was concentrated in key markets that we have determined to be strategic based on demographic trends, projected demand for healthcare and overall asset management efficiencies.

Key Markets	Investment (1)	Percent of Investment		Total GLA (1)	Annualized Base Rent (1)	Percent of Annualized Base Rent	
Boston, MA	$384,900	10.8	%	947	$29,847	9.3	%
Dallas, TX	223,448	6.2		682	19,187	6.0	
Phoenix, AZ	189,641	5.3		1,017	18,830	5.9	
Albany, NY	179,253	5.0		880	16,558	5.2	
Greenville, SC	179,070	5.0		965	17,622	5.5	
Miami, FL	173,807	4.9		887	17,274	5.4	
Atlanta, GA	156,743	4.4		663	13,075	4.1	
Indianapolis, IN	155,700	4.4		977	14,565	4.5	
Pittsburgh, PA	148,612	4.2		1,094	20,175	6.3	
Houston, TX	148,065	4.1		673	15,709	4.9	
Tampa, FL	123,593	3.5		383	8,729	2.7	
Denver, CO	111,700	3.1		371	8,812	2.7	
Raleigh, NC	100,260	2.8		434	9,543	3.0	
White Plains, NY	92,750	2.6		276	6,804	2.1	
Charleston, SC	65,101	1.8		253	4,869	1.5	
Orlando, FL	62,300	1.7		289	6,031	1.9	
Honolulu, HI	47,250	1.3		142	3,742	1.2	
Columbus, OH	46,800	1.3		208	2,847	0.9	
Austin, TX	29,250	0.8		83	2,042	0.5	
	2,618,243	73.2		11,224	236,261	73.6	
Additional Top 75 MSAs	634,771	17.7		2,764	55,471	17.3	
Total Key Markets & Top 75 MSAs	$3,253,014	90.9	%	13,988	$291,732	90.9	%

(1) In thousands.

COMPETITION

We compete with many other real estate investment entities, including financial institutions, pension funds, real estate developers, other REITs, other public and private real estate companies, and private real estate investors for the acquisition of MOBs and other facilities that serve the healthcare industry. During the acquisition process, we compete with others who may have a competitive advantage in terms of size, capitalization, local knowledge of the marketplace and extended contacts throughout the region. Any combination of these factors may result in an increased purchase price for properties or other real estate related assets of interest to us, which may reduce the number of opportunities available to us that meet our investment criteria. If the number of opportunities that meet our investment criteria are limited, our ability to increase stockholder value may be adversely impacted.

We face competition in leasing available MOBs and other facilities that serve the healthcare industry to prospective tenants. As a result, we may have to provide rent concessions, incur charges for tenant improvements, offer other inducements, or we may be unable to timely lease vacant space in our properties, all of which may have an adverse impact on our results of operations. At the time we elect to dispose of our properties, we will also be in competition with sellers of similar properties to locate suitable purchase opportunities.

We believe our focus on MOBs, our experience and expertise and our ongoing relationships with healthcare providers provide us with a competitive advantage. We have established an asset identification and acquisition network with healthcare providers and local developers, which provides for the early identification of and access to acquisition opportunities. In addition, we believe this broad network allows us to effectively lease available space, retain our

tenants and maintain and improve our assets.

GOVERNMENT REGULATIONS

Healthcare-Related Regulations

Overview. The healthcare industry is heavily regulated by federal, state and local governmental agencies. Our tenants generally are subject to laws and regulations covering, among other things, licensure, certification for participation in government programs, fraud and abuse, relationships with physicians and other referral sources, and reimbursement. Changes in these laws and regulations could negatively affect the ability of our tenants to satisfy their contractual obligations, including making lease payments to us.

Healthcare Legislation. The Patient Protection and Affordable Care Act of 2010 (the “Affordable Care Act”) along with other healthcare reform efforts, provide comprehensive healthcare reform in the U.S. and will become effective through a phased approach, which began in 2010 and will be fully implemented by 2018. The laws are intended to reduce the number of individuals in the U.S. without health insurance and significantly change the means by which healthcare is organized, delivered and reimbursed. The Affordable Care Act expanded reporting requirements and responsibilities related to facility ownership and management, patient safety, quality of care, and certain financial transactions, including payments by the pharmaceutical and medical industry to doctors and teaching hospitals. In the ordinary course of their businesses, our tenants may be regularly subjected to inquiries, investigations and audits by federal and state agencies that oversee these laws and regulations. If they do not comply with the additional reporting requirements and responsibilities, our tenants’ ability to participate in federal healthcare programs may be adversely affected. Moreover, there may be other aspects of the comprehensive healthcare reform legislation for which regulations have not yet been adopted, which, depending on how they are implemented, could adversely affect our tenants and their ability to meet their lease obligations to us.

The Affordable Care Act has faced numerous judicial challenges with several reaching the U.S. Supreme Court. Although there continue to be judicial challenges to the Affordable Care Act, the Supreme Court has thus far upheld the Affordable Care Act, including, most recently, in their June 25, 2015 ruling on King v. Burwell. In addition to the legal challenges, there have been numerous Congressional attempts to amend and repeal the law. We cannot predict whether any of these attempts to amend or repeal the law will be successful. Through funding limitations in appropriations bills, Congress has limited and/or deferred money available to third-party payors under the Affordable Care Act. These funding restrictions have resulted in adverse financial consequences to some third-party payors and could negatively impact our tenants. Furthermore, we cannot predict how the Affordable Care Act might be modified, either through the legislative or judicial process, and how any such modification might impact our tenants’ operations or the net effect of this law on us. Both our tenants and us may be adversely affected by the law.

Reimbursement Programs. Sources of revenue for our tenants may include the federal Medicare program, Tricare, state Medicaid programs, private insurance carriers, health maintenance organizations, preferred provider arrangements and self-insured employers, among others. Medicare, Tricare and Medicaid programs, as well as numerous private insurance and managed care plans, generally require participating providers to accept government-determined reimbursement levels as payment in full for services rendered, without regard to facility charges. Changes in the reimbursement rate or methods of payment from third-party payors, including Medicare and Medicaid, could result in a substantial reduction in our tenants’ revenues.

In previous years, Medicare’s physician fee-for-service reimbursements were subject to a significant, automatic reduction in rates. Congress repeatedly enacted temporary legislation postponing the implementation of these physician rate cuts. In April 2015, the Medicare Access and CHIP Reauthorization Act of 2015, enacted rules that establishes physician reimbursement rates that allow for steady increases in rates over the near future.

Despite this “doc-fix” legislation, we cannot predict whether future Congressional proposals will seek to reduce physician reimbursements. Efforts by other such payors to reduce healthcare costs will likely continue, which may result in reductions or slower growth in reimbursement for certain services provided by some of our tenants. Further, revenue realizable under third-party payor agreements can change after examination and retroactive adjustment by payors during the claims settlement processes or as a result of post-payment audits. Payors may disallow requests for reimbursement based on determinations that certain costs are not reimbursable or reasonable, because additional documentation is necessary or because certain services were not covered or were not medically necessary. The recently enacted healthcare reform law and regulatory changes could impose further limitations on government and

private payments to healthcare providers. In some cases, states have enacted or are considering enacting measures designed to reduce their Medicaid expenditures and to make changes to private healthcare insurance. In addition, the failure of any of our tenants to comply with various laws and regulations could jeopardize their ability to continue participating in Medicare, Tricare, Medicaid and other government sponsored payment programs. The financial impact on our tenants' failure to comply with such laws and regulations could restrict their ability to make rent payments to us.

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Various laws and Center for Medicare and Medicaid Services ("CMS") initiatives and rules are also reducing or changing medical provider compensation and reimbursement. Recent changes include, among others:

- Section 603 of the Bipartisan Budget Act of 2015, which eliminates certain facility fee reimbursements for outpatient centers that are located further than 250 yards from the main hospital campus. Existing health system facilities will continue to receive these facility fee reimbursements, but new facilities will not, resulting in minimal impact to our existing tenants' operations.
- Alternative payment models and payment reforms that compensate medical providers by quality of care and other criteria over quantity of care. The Health Care Payment Learning and Action Network is a network which is seeking to implement these reforms and CMS has various rules, such as the Merit-Based Incentive Payment System and Alternative Payment Models, which are changing how it compensates medical providers.
- Proposed and finalized CMS rules which impact payments for specific types of services such as the "Lower Extremity Joint Replacement" and adjust reimbursement rates for specific types of healthcare facilities.

These new laws, initiatives and CMS rules reflect an ongoing effort to reduce healthcare costs and reimburse medical providers based on criteria other than fee-for-service. Although their impact is difficult to predict, these laws, initiatives and CMS rules may adversely impact medical providers' reimbursement and our tenants' ability to make rent payments to us.

Fraud and Abuse Laws. There are various federal and state laws prohibiting fraudulent and abusive business practices by healthcare providers who participate in, receive payments from, or are in a position to make referrals in connection with, government-sponsored healthcare programs, including the Medicare and Medicaid programs. Additionally, the Affordable Care Act includes program integrity provisions that both create new authorities and expand existing authorities for federal and state governments to address fraud, waste and abuse in federal healthcare programs. Our lease arrangements with certain tenants may also be subject to these fraud and abuse laws. These laws include, among others:

- the Federal Anti-Kickback Statute, which prohibits, among other things, the offer, payment, solicitation or receipt of any form of remuneration in return for, or to induce, the referral or recommendation for the ordering of any item or service reimbursed by a federal healthcare program, including Medicare or Medicaid;
- the Federal Physician Self-Referral Prohibition, commonly referred to as the "Stark Law," which: (1) requires hospital landlords of facilities with financial relationships to charge a fair market value rent that does not take into account the volume or value of referrals and subject to specific exceptions; and (2) restricts physicians from making referrals for specifically designated health services for which payment may be made under Medicare and Medicaid programs to an entity with which the physician, or an immediate family member, has a financial relationship;
- the False Claims Act, which prohibits any person from knowingly presenting or causing to be presented false or fraudulent claims for payment to the federal government, including claims paid by the Medicare and Medicaid programs;
- the Civil Monetary Penalties Law, which authorizes the U.S. Department of Health and Human Services to impose monetary penalties for certain fraudulent acts and regulatory violations and to exclude violators from participating in federal healthcare programs;
- the Health Insurance Portability and Accountability Act, as amended by the Health Information Technology for Economic and Clinical Health Act of the American Recovery and Reinvestment Act of 2009, which protects the privacy and security of personal health information; and
- State laws which prohibit kickbacks, self-referrals and false claims, and are generally applicable to commercial and state payors.

In the ordinary course of their business, our tenants may be subject to inquiries, investigations and audits by federal and state agencies that oversee applicable laws and regulations. Private enforcement of healthcare fraud has also increased, due in large part to amendments to the civil False Claims Act that were designed to encourage private individuals to sue on behalf of the government. These whistleblower suits, known as qui tam suits, may be filed by almost anyone, including present and former employees or patients. In addition to the False Claims Act, there may be civil litigation between private parties which seek damages for violations of federal and state laws. These types of actions may result in monetary penalties, punitive sanctions, damage assessments, imprisonment, increased

governmental oversight, denial of Medicare and Medicaid payments and/or exclusion from the Medicare and Medicaid programs. Investigation by a federal or state governmental body for violation of fraud and abuse laws, imposition of any of these penalties upon one of our tenants, and civil litigation could jeopardize that tenant's ability to operate or to make rent payments to us.

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Healthcare Licensure and Certification. Some of our medical properties and our tenants may require a license, multiple licenses, a certificate of need ("CON"), or other certification to operate. Failure to obtain a license, CON, other certification, or loss of a required license, CON, or some other certification would prevent a facility from operating in the manner intended by the tenant. This event could adversely affect our tenants' ability to make rent payments to us. State and local laws also may regulate plant expansion, including the addition of new beds or services or acquisition of medical equipment and the construction of healthcare-related facilities, by requiring a CON or other similar approval. State CON laws are not uniform throughout the U.S. and are subject to change. We cannot predict the impact of state CON laws on our facilities or the operations of our tenants.

Real Estate Ownership-Related Regulations

Many laws and governmental regulations are applicable to our properties and changes in these laws and regulations, or their interpretation by agencies and the courts, occur frequently. For example:

Costs of Compliance with the Americans with Disabilities Act. Under the Americans with Disabilities Act of 1990, as amended (the "ADA"), all places of public accommodation are required to comply with federal requirements related to access and use by disabled persons. Although we believe that we are in substantial compliance with present requirements of the ADA, none of our properties have been audited and we have only conducted investigations of a few of our properties to determine compliance. We may incur additional costs in connection with compliance with the ADA. Additional federal, state and local laws also may require modifications to our properties or restrict our ability to renovate our properties. We cannot predict the cost of compliance with the ADA or other legislation. We may incur substantial costs to comply with the ADA or any other legislation.

Costs of Government Environmental Regulation and Private Litigation. Environmental laws and regulations hold us liable for the costs of removal or remediation of certain hazardous or toxic substances which may be on our properties. These laws could impose liability on us without regard to whether we are responsible for the presence or release of the hazardous materials. Government investigations and remediation actions may cause substantial costs and the presence of hazardous substances on a property could result in personal injury or similar claims by private plaintiffs. Various laws also impose liability on persons who arrange for the disposal or treatment of hazardous or toxic substances and such persons oftentimes must incur the cost of removal or remediation of hazardous substances at the disposal or treatment facility. These laws often impose liability whether or not the person arranging for the disposal ever owned or operated the disposal facility. As the owner and operator of our properties, we may be deemed to have arranged for the disposal or treatment of hazardous or toxic substances.

Use of Hazardous Substances by Some of Our Tenants. Some of our tenants routinely handle hazardous substances and wastes on our properties as part of their routine operations. Environmental laws and regulations subject these tenants, and potentially us, to liability resulting from such activities. Our leases require our tenants to comply with these environmental laws and regulations and to indemnify us for any related liabilities. We are unaware of any material noncompliance, liability or claim relating to hazardous or toxic substances or petroleum products in connection with any of our properties.

Other Federal, State and Local Regulations. Our properties are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these various requirements, we may incur governmental fines or private damage awards. While we believe that our properties are currently in material compliance with all of these regulatory requirements, we do not know whether existing requirements will change or whether future requirements will require us to make significant unanticipated expenditures that will adversely affect our ability to make distributions to our stockholders. We believe, based in part on engineering reports which are generally obtained by us at the time we acquire the properties, that all of our properties comply in all material respects with current regulations. However, if we were required to make significant expenditures under applicable regulations, our financial condition, results of operations, cash flow, ability to satisfy our debt service obligations and to pay distributions to our stockholders could be adversely affected.

EMPLOYEES

As of December 31, 2015, we had approximately 181 employees, of which 1% are subject to a collective bargaining agreement.

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TAX MATTERS

We filed an election with our 2007 federal income tax return to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"). We believe we have satisfied the requirements to qualify as a REIT for all tax years starting in 2007 and we intend to maintain our qualification as a REIT in the future. As a qualified REIT, with limited exceptions, we are generally not subject to federal and certain state income tax on net income that we currently distribute to stockholders. We expect to continue to make distributions sufficient to avoid income tax.

While we believe that we are organized and qualified as a REIT and we intend to operate in a manner that will allow us to continue to qualify as a REIT, there can be no assurance that we will be successful in this regard. Our qualification as a REIT depends upon our ability to meet, through our annual operating results, asset diversification, distribution levels and diversity of stock ownership and the various qualification tests imposed under the Code. If we fail to maintain our qualification as a REIT, corporate level income tax would apply to our taxable income at the current corporate tax rates. As a result, the amount available for distributions to stockholders would be reduced and we would no longer be required to make distributions. Failure to qualify as a REIT could also adversely affect our ability to make investments and raise capital.

Qualification as a REIT involves the application of highly technical and complex provisions of the Code for which there are limited judicial and administrative interpretations and involves the determination of a variety of factual matters and circumstances not entirely within our control.

EXECUTIVE OFFICERS OF THE REGISTRANT

The information regarding our executive officers included in Part III, Item 10 of this Annual Report on Form 10-K is incorporated herein by reference.

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Item 1A. Risk Factors

Risks Related to Our Business

We are dependent on investments in the healthcare property sector, making our profitability more vulnerable to a downturn or slowdown in that specific sector than if we were investing in multiple industries.

We concentrate our investments in the healthcare property sector. As a result, we are subject to risks inherent to investments in a single industry. A downturn or slowdown in the healthcare property sector would have a greater adverse impact on our business than if we had investments in multiple industries. Specifically, a downturn in the healthcare property sector could negatively impact the ability of our tenants to make lease payments to us as well as our ability to maintain rental and occupancy rates, which could adversely affect our business, financial condition and results of operations, the market price of our common stock and our ability to make distributions to our stockholders.

Our ability to make future acquisitions may be impeded, or the cost of these acquisitions may be increased, due to a variety of factors, including competition for the acquisition of MOBs and other facilities that serve the healthcare industry.

At any given time, we may be pursuing property acquisitions or have properties subject to letters of intent, but we cannot assure you that we will acquire any such properties because the letters of intent are non-binding and potential transaction opportunities are subject to a variety of factors, including: (i) the willingness of the current property owner to proceed with a potential transaction with us; (ii) our completion of due diligence that is satisfactory to us and our receipt of internal approvals; (iii) the negotiation and execution of mutually acceptable binding purchase agreements; and (iv) the satisfaction of closing conditions, including our receipt of third-party consents and approvals. We also compete with many other entities engaged in real estate investment activities for the acquisition of MOBs and other facilities that serve the healthcare industry, including national, regional and local operators, acquirers and developers of healthcare properties. The competition for the acquisition of healthcare properties may significantly increase the prices we must pay for MOBs and other facilities that serve the healthcare industry or other real estate related assets we seek to acquire. This competition may also effectively limit the number of suitable investment opportunities offered to us or the number of properties that we are able to acquire, and may increase the bargaining power of property owners seeking to sell to us, making it more difficult for us to acquire new properties on attractive terms. Our potential acquisition targets may find our competitors to be more attractive purchases because they may have greater resources, may be willing to pay more to acquire the properties or may have a more compatible operating philosophy. In particular, larger healthcare REITs may enjoy significant competitive advantages over us that result from, among other things, a lower cost of capital and enhanced operating efficiencies. Moreover, our competitors generally may be able to accept more risk with respect to their acquisitions than we can prudently manage or are willing to accept. In addition, the number of our competitors and the amount of funds competing for suitable investment properties may increase, which could result in increased demand for these properties and, therefore, increased prices to acquire them. Because of an increased interest in single-property acquisitions among tax-motivated individual purchasers, we may pay higher prices for the purchase of single properties in comparison with the purchase of multi-property portfolios. If we pay higher prices for MOBs and other facilities that serve the healthcare industry, or otherwise incur significant costs and divert management attention in connection with the evaluation and negotiation of potential acquisitions, including potential transactions that we are subsequently unable or elect not to complete, our business, financial condition and results of operations, the market price of our common stock and our ability to make distributions to our stockholders may be adversely affected.

We may not be able to maintain or expand our relationships with hospitals, healthcare system, and developers, which may impede our ability to identify and complete acquisitions directly from hospitals, healthcare systems and developers, and may otherwise adversely affect our growth, business, financial condition and results of operations, the market price of our common stock and our ability to make distributions to our stockholders.

The success of our business depends to a large extent on our past, current and future relationships with hospitals, healthcare systems and developers, including our ability to acquire properties directly from hospitals, healthcare systems and developers. We invest a significant amount of time to develop and maintain these relationships, and these relationships have helped us secure acquisition opportunities. Facilities that are acquired directly from hospitals, healthcare systems and developers are typically more attractive to us as a purchaser because of the absence of a formal

competitive marketing process, which could lead to higher prices. If any of our relationships with hospitals, healthcare systems and developers deteriorates, or if a conflict of interest or non-compete arrangement prevents us from expanding these relationships, our professional reputation within the industry could be damaged and we may not be able to secure attractive acquisition opportunities directly from hospitals, healthcare systems and developers in the future, which could adversely affect our ability to locate and acquire facilities at attractive prices.

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Our results of operations, our ability to pay distributions to our stockholders and our ability to dispose of our investments are subject to general economic conditions affecting the commercial real estate and credit markets.

Our business is sensitive to national, regional and local economic conditions, as well as the commercial real estate and credit markets. For example, a financial disruption or credit crisis could negatively impact the value of commercial real estate assets, contributing to a general slowdown in our industry. A slow economic recovery could cause a reduction in the overall volume of transactions, number of sales and leasing activities of the type that we previously experienced. We are unable to predict future changes in national, regional or local economic, demographic or real estate market conditions.

Adverse economic conditions in the commercial real estate and credit markets may result in:

- defaults by tenants at our properties due to bankruptcy, lack of liquidity or operational failures;
- increases in vacancy rates due to tenant defaults, the expiration or termination of tenant leases and reduced demand for MOBs and other facilities that serve the healthcare industry;
- increases in tenant inducements, tenant improvement expenditures, rent concessions or reduced rental rates, especially to maintain or increase occupancies at our properties;
- reduced values of our properties, thereby limiting our ability to dispose of our assets at attractive prices or obtain debt financing secured by our properties on satisfactory terms, as well as reducing the availability of unsecured loans;
- the value and liquidity of our short-term investments and cash deposits being reduced as a result of a deterioration of the financial condition of the institutions that hold our cash deposits or the institutions or assets in which we have made short-term investments, the dislocation of the markets for our short-term investments, increased volatility in market rates for such investment and other factors;
- one or more lenders under our credit facilities refusing to fund their financing commitments to us and, in such event, we are unable to replace the financing commitments of any such lender or lenders on favorable terms, or at all;
- a recession or rise in interest rates, which could make it more difficult for us to lease our properties or dispose of our properties or make alternative interest-bearing and other investments more attractive, thereby lowering the relative value of our existing real estate investments;
- one or more counterparties to our interest rate swaps default on their obligations to us, thereby increasing the risk that we may not realize the benefits of these instruments;
- increases in the supply of competing properties or decreases in the demand for our properties, which may impact our ability to maintain or increase occupancy levels and rents at our properties or to dispose of our investments; and
- increased insurance premiums, real estate taxes or energy costs or other expenses, which may reduce funds available for distribution to our stockholders or, to the extent such increases are passed through to our tenants, may lead to tenant defaults, tenant turnover, or make it difficult for us to increase rents to tenants on lease turnover which may limit our ability to increase our returns.

Our business, financial condition and results of operations, the market price of our common stock and our ability to pay distributions to our stockholders may be adversely affected to the extent an economic slowdown or downturn is prolonged or becomes more severe.

Our growth depends on external sources of capital that are outside of our control, which may affect our ability to seize strategic opportunities, satisfy debt obligations and make distributions to our stockholders.

In order to qualify as a REIT, we must distribute to our stockholders, on an annual basis, at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains. Because of these distribution requirements, we may not be able to fund future capital needs, including any necessary acquisition financing, from operating cash flow. Consequently, we may need to rely on third-party sources to fund our capital needs, meet our debt service obligations, make distributions to our stockholders or make future investments necessary to implement our business strategy. We may not be able to obtain financing on favorable terms, in the time period we desire, or at all. Our access to third-party sources of capital depends, in part, on a number of factors, including: general market conditions; the market's perception of our growth potential; our current debt levels; our current and expected future earnings; our cash flow and cash distributions; and the market price per share of our common stock. If we cannot obtain capital from third-party sources, we may not be able to acquire properties when strategic opportunities exist, satisfy our principal and interest obligations to our lenders or make the cash distributions

to our stockholders necessary to maintain our qualification as a REIT.

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Our success depends to a significant degree upon the continued contributions of certain key personnel, each of whom would be difficult to replace. If we were to lose the benefit of the experience, efforts and abilities of one or more of these individuals, our operating results could suffer.

Our ability to achieve our investment objectives and to pay distributions is dependent upon the performance of our Board of Directors, our executive officers and our other employees, in the identification and acquisition of investments, the determination and finalization of our financing arrangements, the asset management of our investments, and the operation of our day-to-day activities. Our stockholders will have no opportunity to evaluate the terms of transactions or other economic or financial data concerning our investments that are not described in this Annual Report on Form 10-K or other periodic filings with the SEC. We rely primarily on the management ability of our executive officers and the governance by the members of our Board of Directors, each of whom would be difficult to replace. We do not have any key-person life insurance on our executive officers. Although we have entered into employment agreements with each of our executive officers, these employment agreements contain various termination and resignation rights. If we were to lose the benefit of the experience, efforts and abilities of these executives, without satisfactory replacements, our operating results could suffer. In addition, if any member of our Board of Directors were to resign, we would lose the benefit of such director's governance, experience and familiarity with us and the sector within which we operate. As a result of the foregoing, we may be unable to achieve our investment objectives or to pay distributions to our stockholders.

We rely on information technology in our operations; any material failure, inadequacy, interruption or security failure of that technology could harm our business, results of operations and financial condition.

We rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information, and to manage or support a variety of business processes, including financial transactions and records, personal identifying information and tenant and lease data. Although we have taken steps to protect the security of our information systems and the data maintained in those systems, it is possible that our safety and security measures will not be able to prevent the systems' improper functioning or damage, or the improper access or disclosure of personally identifiable information such as in the event of cyber-attacks. Security breaches, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches, can create system disruptions, shutdowns or unauthorized disclosure of confidential information. Any failure to maintain proper function, security and availability of our information systems could interrupt our operations, damage our reputation, subject us to liability claims or regulatory penalties and could have an adverse effect on our business, results of operations and financial condition.

Risks Related to our Organizational Structure

We may structure acquisitions of property in exchange for limited partnership units of our operating partnership on terms that could limit our liquidity or our flexibility.

We may continue to acquire properties by issuing limited partnership units of our operating partnership, HTALP, in exchange for a property owner contributing property to us. If we continue to enter into such transactions in order to induce the contributors of such properties to accept units of our operating partnership rather than cash in exchange for their properties, it may be necessary for us to provide additional incentives. For instance, our operating partnership's limited partnership agreement provides that any holder of units may exchange limited partnership units on a one-for-one basis for, at our option, cash equal to the value of an equivalent number of shares of common stock. We may, however, enter into additional contractual arrangements with contributors of property under which we would agree to repurchase a contributor's units for shares of our common stock or cash, at the option of the contributor, at set times. If the contributor required us to repurchase units for cash pursuant to such a provision, it would limit our liquidity and, thus, our ability to use cash to make other investments, satisfy other obligations or make distributions to stockholders. Moreover, if we were required to repurchase units for cash at a time when we did not have sufficient cash to fund the repurchase, we might be required to sell one or more of our properties to raise funds to satisfy this obligation. Furthermore, we might agree that if distributions the contributor received as a limited partner in our operating partnership did not provide the contributor with an established return level, then upon redemption of the contributor's units we would pay the contributor an additional amount necessary to achieve that return. Such a provision could further negatively impact our liquidity and flexibility. Finally, in order to allow a contributor of a

property to defer taxable gain on the contribution of property to our operating partnership, we might agree not to sell a contributed property for a defined period of time or until the contributor exchanged the contributor's units for cash or shares. Such an agreement would prevent us from selling those properties, even if market conditions would allow such a sale to be favorable to us.

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Our Board of Directors may change our investment objectives and major strategies and take other actions without seeking stockholder approval.

Our Board of Directors determines our investment objectives and major strategies, including our strategies regarding investments, financing, growth, debt capitalization, REIT qualification and distributions. Our Board of Directors may amend or revise these and other strategies without a vote of the stockholders. Under our charter and Maryland law, our stockholders will have a right to vote only on the following matters:

- the election or removal of directors;
- our dissolution;
- certain mergers, consolidations, conversions, statutory share exchanges and sales or other dispositions of all or substantially all of our assets; and
- amendments of our charter, except that our Board of Directors may amend our charter without stockholder approval to change our name or the name or other designation, or the par value of any class or series of our stock and the aggregate par value of our stock, increase or decrease the aggregate number of our shares of stock or the number of our shares of any class or series that we have the authority to issue or effect certain reverse stock splits.

As a result, our stockholders will not have a right to approve most actions taken by our Board of Directors.

Certain provisions of Maryland law could inhibit changes in control of us, which could lower the value of our common stock.

Certain provisions of the Maryland General Corporation Law ("MGCL") applicable to us may have the effect of inhibiting or deterring a third party from making a proposal to acquire us or of delaying or preventing a change of control under circumstances that otherwise could provide our stockholders with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

- provisions of the MGCL that permit our Board of Directors, without our stockholders' approval and regardless of what is currently provided in our charter or bylaws, to implement certain takeover defenses, including adopting a classified board;
- "business combination" provisions that, subject to limitations, prohibit certain business combinations, asset transfers and equity security issuances or reclassifications between us and an "interested stockholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting stock or an affiliate or associate of ours who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of our then outstanding stock) or an affiliate of an interested stockholder for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter may impose supermajority voting requirements unless certain minimum price conditions are satisfied; and
- "control share" provisions that provide that holders of "control shares" of HTA (defined as shares which, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of issued and outstanding "control shares") have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

Our Board of Directors has adopted a resolution providing that any business combination between us and any other person is exempted from this statute, provided that such business combination is first approved by our board. This resolution, however, may be altered or repealed in whole or in part at any time. In the case of the control share provisions of the MGCL, we have opted out of these provisions pursuant to a provision in our bylaws. We may, however, by amendment to our bylaws, opt in to the control share provisions of the MGCL. We may also choose to adopt a classified board or other takeover defenses in the future. Any such actions could deter a transaction that may otherwise be in the interest of our stockholders.

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Risks Related to Investments in Real Estate and Other Real Estate Related Assets

We are dependent on the financial stability of our tenants.

Lease payment defaults by our tenants would cause us to lose the revenue associated with such leases. Although 61% of our annualized base rent was derived from tenants (or their parent companies) that have a credit rating, a tenants' credit rating (or its' parents credit rating) is no guarantee of a tenant's ability to perform its lease obligations and a parent company may choose not to satisfy the obligations of a subsidiary that fails to perform its obligations. If the property is subject to a mortgage, a default by a significant tenant on its lease payments to us may result in a foreclosure on the property if we are unable to find an alternative source of revenue to meet mortgage payments. In the event of a tenant default, we may experience delays in enforcing our rights as a landlord and we may incur substantial costs in protecting our investment and re-leasing our property, and we may not be able to re-lease the property for the rent previously received, if at all. Lease terminations and expirations could also reduce the value of our properties.

We face potential adverse consequences of bankruptcy or insolvency by our tenants.

We are exposed to the risk that our tenants could become bankrupt or insolvent. This risk would be magnified to the extent that a tenant leased space from us in multiple facilities. The bankruptcy and insolvency laws afford certain rights to a party that has filed for bankruptcy or reorganization. For example, a debtor-tenant may reject its lease with us in a bankruptcy proceeding. In such a case, our claim against the debtor-tenant for unpaid and future rents would be limited by the statutory cap of the U.S. Bankruptcy Code. This statutory cap might be substantially less than the remaining rent actually owed to us under the lease, and it is quite likely that any claim we might have against the tenant for unpaid rent would not be paid in full. In addition, a debtor-tenant may assert in a bankruptcy proceeding that its lease should be re-characterized as a financing agreement. If such a claim is successful, our rights and remedies as a lender, compared to our rights and remedies as a landlord, would generally be more limited.

Our tenant base may not remain stable or could become more concentrated which could harm our operating results and financial condition.

Our tenant base may not remain stable or could become more concentrated among particular physicians and physician groups with varying practices and other medical service providers in the future. Subject to the terms of the applicable leases, our tenants could decide to leave our properties for numerous reasons, including, but not limited to, financial stress or changes in the tenant's ownership or management. Our tenants service the healthcare industry and our tenant mix could become even more concentrated if a preponderance of our tenants practice in a particular medical field or are reliant upon a particular healthcare system. If any of our tenants become financially unstable, our operating results and prospects could suffer, particularly if our tenants become more concentrated.

Our MOBs and our other facilities that serve the healthcare industry and our tenants may be subject to competition.

Our MOBs and other facilities that serve the healthcare industry often face competition from nearby hospitals and other MOBs that provide comparable services. Some of those competing facilities are owned by governmental agencies and supported by tax revenues, while others are owned by nonprofit corporations and may be supported to a large extent by endowments and charitable contributions. These types of financial support are not available to buildings we own.

Similarly, our tenants face competition from other medical practices in nearby hospitals and other medical facilities. Further, referral sources, including physicians and managed care organizations, may change their lists of hospitals or physicians to which they refer patients. Competition and loss of referrals could adversely affect our tenants' ability to make rental payments, which could adversely affect our rental revenues. Any reduction in rental revenues resulting from the inability of our MOBs and our other facilities that serve the healthcare industry and our tenants to compete successfully may have an adverse effect on our business, financial condition and results of operations, the market price of our common stock and our ability to make distributions to our stockholders.

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The hospitals on whose campuses our MOBs are located and their affiliated healthcare systems could fail to remain competitive or financially viable, which could adversely impact their ability to attract physicians and physician groups to our MOBs and our other facilities that serve the healthcare industry.

Our MOB operations and other facilities that serve the healthcare industry depend on the viability of the hospitals on whose campuses our MOBs are located and their affiliated healthcare systems in order to attract physicians and other healthcare-related users. The viability of these hospitals, in turn, depends on factors such as the quality and mix of healthcare services provided, competition, demographic trends in the surrounding community, market position and growth potential, as well as the ability of the affiliated healthcare systems to provide economies of scale and access to capital. If a hospital whose campus is located on or near one of our MOBs is unable to meet its financial obligations, and if an affiliated healthcare system is unable to support that hospital, the hospital may not be able to compete successfully or could be forced to close or relocate, which could adversely impact its ability to attract physicians and other healthcare-related users. Because we rely on our proximity to and affiliations with these hospitals to create tenant demand for space in our MOBs, their inability to remain competitive or financially viable, or to attract physicians and physician groups, could adversely affect our MOB operations and have an adverse effect on us.

The unique nature of certain of our properties, including our senior healthcare properties, may make it difficult to lease or transfer our property or find replacement tenants, which could require us to spend considerable capital to adapt the property to an alternative use or otherwise negatively affect our performance.

Some of the properties we own or may seek to acquire are specialized medical facilities or otherwise designed or built for a particular tenant of a specific type of use known as a single use facility. For example, senior healthcare facilities present unique challenges with respect to leasing and transfer. Skilled nursing, assisted living and independent living facilities are typically highly customized and may not be easily modified to accommodate non-healthcare-related uses. The improvements generally required to conform a property to healthcare use, such as upgrading electrical, gas and plumbing infrastructure, are costly and oftentimes operator-specific. As a result, these property types may not be suitable for lease to traditional office tenants or other healthcare tenants with unique needs without significant expenditures or renovations. A new or replacement tenant may require different features in a property, depending on that tenant's particular operations.

If we or our tenants terminate or do not renew the leases for our properties or our tenants lose their regulatory authority to operate such properties or default on their lease obligations to us for any reason, we may not be able to locate, or may incur additional costs to locate, suitable replacement tenants to lease the properties for their specialized uses. Alternatively, we may be required to spend substantial amounts to modify a property for a new tenant, or for multiple tenants with varying infrastructure requirements, before we are able to re-lease the space or we could otherwise incur re-leasing costs. Furthermore, because transfers of healthcare facilities may be subject to regulatory approvals not required for transfers of other types of property, there may be significant delays in transferring operations of senior healthcare facilities to successor operators. Any loss of revenues or additional capital expenditures required as a result may have an adverse effect on our business, financial condition and results of operations, the market price of our common stock and our ability to make distributions to our stockholders.

Uninsured losses relating to real estate and lender requirements to obtain insurance may reduce stockholder returns.

There are types of losses relating to real estate, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution or environmental matters, for which we do not intend to obtain insurance unless we are required to do so by mortgage lenders. If any of our properties incurs a casualty loss that is not fully covered by insurance, the value of our assets will be reduced by any such uninsured loss. In addition, other than any reserves we may establish, we have no source of funding to repair or reconstruct any uninsured damaged property, and we cannot assure our stockholders that any such sources of funding will be available to us for such purposes in the future. Also, to the extent we must pay unexpectedly large amounts for uninsured losses, we could suffer reduced earnings that would result in less cash to be distributed to our stockholders. In cases where we are required by mortgage lenders to obtain casualty loss insurance for catastrophic events or terrorism, such insurance may not be available, or may not be available at a reasonable cost, which could inhibit our ability to finance or refinance our properties. Additionally, if we obtain such insurance, the costs associated with owning a property would increase and could have an adverse effect on the net income from the property and, thus, the cash available for

distribution to our stockholders.
We may fail to successfully operate acquired properties.
Our ability to successfully operate any properties is subject to the following risks:

- we may acquire properties that are not initially accretive to our results upon acquisition and we may not successfully manage and lease those properties to meet our expectations;

- we may spend more than budgeted to make necessary improvements or renovations to acquired properties;
- we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations and, as a result, our results of operations and financial condition could be adversely affected;
- market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and
- we may acquire properties subject to liabilities, including contingent liabilities, and without any recourse, or with only limited recourse, with respect to unknown liabilities for the clean-up of undisclosed environmental contamination, claims by tenants or other persons dealing with former owners of the properties, liabilities, claims, and litigation, including indemnification obligations, whether or not incurred in the ordinary course of business, relating to periods prior to or following our acquisitions, claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties, and liabilities for taxes relating to periods prior to our acquisitions.

If we are unable to successfully operate acquired properties, our financial condition, results of operations, the market price of our common stock, cash flow and ability to satisfy our principal and interest obligations and to make distributions to our stockholders could be adversely affected.

We may not be able to control our operating costs or our expenses may remain constant or increase, even if our revenue does not increase, which could cause our results of operations to be adversely affected.

Factors that may adversely affect our ability to control operating costs include the need to pay for insurance and other operating costs, including real estate taxes, which could increase over time, the need periodically to repair, renovate and re-let space, the cost of compliance with governmental regulation, including zoning and tax laws, the potential for liability under applicable laws, interest rate levels and the availability of financing. If our operating costs increase as a result of any of the foregoing factors, our results of operations may be adversely affected. The expenses of owning and operating MOBs and other facilities that serve the healthcare industry are not necessarily reduced when circumstances such as market factors and competition cause a reduction in income from the property. As a result, if our revenue declines, we may not be able to reduce our expenses accordingly. Certain costs associated with real estate investments may not be reduced even if a property is not fully occupied or other circumstances cause our revenues to decrease. If one or more of our properties is mortgaged and we are unable to meet the mortgage payments, the lender could foreclose on the mortgage and take possession of the properties, resulting in a further reduction in our net income.

Increases in property taxes could adversely affect our cash flow.

Our properties are subject to real and personal property taxes that may increase as tax rates change and as the real properties are assessed or reassessed by taxing authorities. Some of our leases generally provide that the property taxes or increases therein are charged to the tenants as an expense related to the real properties that they occupy, while other leases provide that we are generally responsible for such taxes. We are also generally responsible for real property taxes related to any vacant space. In any case, as the owner of the properties, we are ultimately responsible for payment of the taxes to the applicable government authorities. If real property taxes increase, our tenants may be unable to make the required tax payments, ultimately requiring us to pay the taxes even if the tenant is obligated to do so under the terms of the lease. If we fail to pay any such taxes, the applicable taxing authority may place a lien on the real property and the real property may be subject to a tax sale.

Our ownership of certain MOB properties and other facilities are subject to ground leases or other similar agreements which limit our uses of these properties and may restrict our ability to sell or otherwise transfer such properties.

As of December 31, 2015, we held interests in MOB properties and other facilities that serve the healthcare industry through leasehold interests in the land on which the buildings are located and we may acquire additional properties in the future that are subject to ground leases or other similar agreements. As of December 31, 2015, these properties represented 32% of our total GLA. Many of our ground leases and other similar agreements limit our uses of these properties and may restrict our ability to sell or otherwise transfer such properties without the ground landlord’s consent, which may impair their value.

Uncertain market conditions relating to the future disposition of properties or other real estate related assets could cause us to sell our properties or real estate assets on unfavorable terms or at a loss in the future.

We intend to hold our various real estate investments until such time as we determine that a sale or other disposition appears to be advantageous to achieve our investment objectives. Our Chief Executive Officer and our Board of Directors may exercise their discretion as to whether and when to sell a property and we will have no obligation to sell properties at any particular time. Our Board of Directors may also choose to effect a liquidity event in which we liquidate our investments in other real estate related assets. We generally intend to hold properties for an extended period of time and our mortgage investments until maturity, and we cannot predict with certainty the various market conditions affecting real estate investments that will exist at any particular time in the future. Because of the uncertainty of market conditions that may affect the future disposition of our properties, we may not be able to sell our properties at a profit in the future or at all, and we may incur prepayment penalties in the event we sell a property subject to a mortgage earlier than we otherwise had planned. Additionally, if we liquidate our mortgage investments prior to their maturity, we may be forced to sell those investments on unfavorable terms or at a loss. For instance, if we are required to liquidate mortgage loans at a time when prevailing interest rates are higher than the interest rates of such mortgage loans, we would likely sell such loans at a discount to their stated principal values. Any inability to sell a property or liquidation of a mortgage investment prior to maturity could adversely impact our business, financial condition and results of operation, the market price of our common stock and ability to pay distributions to our stockholders.

The mortgage or other real estate-related loans in which we have in the past, and may in the future, invest may be impacted by unfavorable real estate market conditions and delays in liquidation, which could decrease their value.

If we make additional investments in real estate notes receivable, we will be at risk of loss on those investments, including losses as a result of borrower defaults on mortgage loans. These losses may be caused by many conditions beyond our control, including economic conditions affecting real estate values, tenant defaults and lease expirations, interest rate levels and the other economic and liability risks associated with real estate as described elsewhere under this heading. Furthermore, if there are borrower defaults under our mortgage loan investments, we may not be able to foreclose on or obtain a suitable remedy with respect to such investments. Specifically, we may not be able to repossess and sell the properties under our mortgage loans quickly, which could reduce the value of our investment. For example, an action to foreclose on a property securing a mortgage loan is regulated by state statutes and rules and is subject to many of the delays and expenses of lawsuits if the defendant raises defenses or counterclaims. In the event of a borrower default, these restrictions, among other things, may impede our ability to foreclose on or sell the mortgaged property or to obtain proceeds sufficient to repay all amounts due to us on the mortgage loan. Additionally, if we acquire property by foreclosure following a borrower default under our mortgage loan investments, we will have the economic and liability risks as the owner described above. Thus, we do not know whether the values of the property securing any of our investments in real estate related assets will remain at the levels existing on the dates we initially make the related investment. If the values of the underlying properties decline, our risk will increase and the value of our interests may decrease.

Lease rates under our long-term leases may be lower than fair market lease rates over time.

We have entered into and may in the future enter into long-term leases with tenants at certain of our properties. Certain of our long-term leases provide for rent to increase over time. However, if we do not accurately judge the potential for increases in market rental rates, we may set the terms of these long-term leases at levels such that even after contractual rental increases, the rent under our long-term leases is less than then-current market rental rates. Further, we may have no ability to terminate those leases or to adjust the rent to then-prevailing market rates. As a result, our income and distributions could be lower than if we did not enter into long-term leases.

Rents associated with new leases for properties in our portfolio may be less than expiring rents (lease roll-down) on existing leases, which may adversely affect our financial condition, results of operations and cash flow.

Our operating results depend upon our ability to maintain and increase rental rates at our properties while also maintaining or increasing occupancy. The rental rates for expiring leases may be higher than starting rental rates for new leases and we may also be required to offer greater rental concessions than we have historically. The rental rate spread between expiring leases and new leases may vary both from property to property and among different leased

spaces within a single property. If we are unable to obtain sufficient rental rates across our portfolio, our business, financial condition and results of operation, the market price of our common stock and ability to pay distributions to our stockholders could be adversely affected.

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Costs associated with complying with the Americans with Disabilities Act of 1990 may result in unanticipated expenses.

Under the ADA, all places of public accommodation are required to meet certain U.S. federal requirements related to access and use by disabled persons. A number of additional U.S. federal, state and local laws may also require modifications to our properties, or restrict certain further renovations of the properties, with respect to access thereto by disabled persons. Noncompliance with the ADA could result in the imposition of fines or an award of damages to private litigants and/or an order to correct any non-complying feature, which could result in substantial capital expenditures. We have not conducted an audit or investigation of all of our properties to determine our compliance and we cannot predict the ultimate cost of compliance with the ADA or other legislation. If one or more of our properties is not in compliance with the ADA or other related legislation, then we would be required to incur additional costs to bring the facility into compliance. If we incur substantial costs to comply with the ADA or other related legislation, our business, financial condition and results of operations, the market price of our common stock and ability to make distributions to our stockholders may be adversely affected.

Risks Related to the Healthcare Industry

New laws or regulations affecting the heavily regulated healthcare industry, changes to existing laws or regulations, loss of licensure or failure to obtain licensure could result in the inability of our tenants to make rent payments to us.

The healthcare industry is heavily regulated by federal, state and local governmental agencies. Our tenants generally are subject to laws and regulations covering, among other things, licensure, certification for participation in government programs, and relationships with physicians and other referral sources. Changes in these laws and regulations could negatively affect the ability of our tenants to make lease payments to us and our ability to make distributions to our stockholders.

Many of our medical properties and our tenants may require a license or multiple licenses or a CON to operate. Failure to obtain a license or a CON or loss of a required license or a CON would prevent a facility from operating in the manner intended by the tenant. These events could adversely affect our tenants’ ability to make rent payments to us. State and local laws also may regulate expansion, including the addition of new beds or services or acquisition of medical equipment, and the construction of facilities that serve the healthcare industry, by requiring a CON or other similar approval. State CON laws are not uniform throughout the United States and are subject to change. We cannot predict the impact of state CON laws on our facilities or the operations of our tenants.

In limited circumstances, loss of state licensure or certification or closure of a facility could ultimately result in loss of authority to operate the facility and require new CON authorization to re-institute operations. As a result, a portion of the value of the facility may be reduced, which would adversely impact our business, financial condition and results of operations, the market price of our common stock and our ability to make distributions to our stockholders.

Comprehensive healthcare reform legislation could adversely affect our business, financial condition and results of operations, the market price of our common stock and our ability to pay distributions to stockholders.

The Patient Protection and Affordable Care Act of 2010, along with other healthcare reform efforts, provide comprehensive healthcare reform in the United States and will become effective through a phased approach, which began in 2010 and will conclude in 2018. It remains difficult to predict the impact of these laws on us due to their complexity, lack of implementing regulations or interpretive guidance and the gradual implementation of the laws over a multi-year period. Because of the many variables involved, we are unable to predict how these laws may impact our tenants’ operations or the net effect of these laws on us. Both our tenants and us may be adversely affected by these laws.

Reductions in reimbursement from third party payors, including Medicare and Medicaid, could adversely affect the profitability of our tenants and hinder their ability to make rent payments to us.

Sources of revenue for our tenants may include the federal Medicare program, state Medicaid programs, private insurance carriers, health maintenance organizations, preferred provider arrangements and self-insured employers, among others. Changes in the reimbursement rate or methods of payment from third-party payors, including Medicare and Medicaid, could impact the revenue of our tenants.

The healthcare industry also faces various challenges, including increased government and private payor pressure on healthcare providers to control or reduce costs. A focus on controlling costs could have an adverse effect on the

financial condition of some or all of our tenants. The financial impact on our tenants could restrict their ability to make rent payments to us, which would have an adverse effect on our business, financial condition and results of operations and our ability to make distributions to our stockholders.

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Government budget deficits could lead to a reduction in Medicaid and Medicare reimbursement, which could adversely affect the financial condition of our tenants.

Adverse U.S. economic conditions have negatively affected state budgets, which may put pressure on states to decrease reimbursement rates with the goal of decreasing state expenditures under state Medicaid programs. The need to control Medicaid expenditures may be exacerbated by the potential for increased enrollment in state Medicaid programs due to unemployment, declines in family incomes and eligibility expansions required by the recently enacted healthcare reform law. These potential reductions could be compounded by the potential for federal cost-cutting efforts that could lead to reductions in reimbursement rates under both the federal Medicare program and state Medicaid programs. Potential reductions in reimbursements under these programs could negatively impact the ability of our tenants and their ability to meet their obligations to us, which could, in turn, have an adverse effect on our business, financial condition and results of operations, the market price of our common stock and our ability to make distributions to our stockholders.

Some tenants at our MOBs and our other facilities that serve the healthcare industry are subject to fraud and abuse laws, the violation of which by a tenant may jeopardize the tenant's ability to make rent payments to us.

As described in the Item 1 - Business, there are various federal and state laws prohibiting fraudulent and abusive business practices by healthcare providers who participate in, receive payments from, or are in a position to make referrals in connection with, government-sponsored healthcare programs, including the Medicare and Medicaid programs. In the ordinary course of their business, our tenants may be subject to inquiries, investigations and audits by federal and state agencies as well as whistleblower suits under the False Claims Act from private individuals. An investigation by a federal or state governmental agency for violation of fraud and abuse laws, a whistleblower suit, or the imposition of criminal/civil penalties upon one of our tenants could jeopardize that tenant's ability to operate or to make rent payments. In turn, this may have an adverse effect on our business, financial condition and results of operations and our ability to make distributions to our stockholders.

Comprehensive healthcare reform legislation could adversely affect our business, financial condition and results of operations and our ability to pay distributions to stockholders.

The Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Reconciliation Act of 2010, along with other healthcare reform efforts, provide comprehensive healthcare reform in the United States and will become effective through a phased approach, which began in 2010 and will conclude in 2018. It remains difficult to predict the impact of these laws on us due to their complexity, lack of implementing regulations or interpretive guidance, and the gradual implementation of the laws over a multi-year period. Because of the many variables involved, we are unable to predict how these laws may impact our tenants' operations or the net effect of these laws on us. Both our tenants and us may be adversely affected by these laws.

Risks Related to Debt Financing

We have and intend to incur indebtedness, which may increase our business risks, could hinder our ability to make distributions and could decrease the value of our Company.

As of December 31, 2015, we had fixed and variable rate debt of $1.6 billion outstanding. We intend to continue to finance a portion of the purchase price of our investments in real estate and other real estate related assets by borrowing funds. In addition, we may incur mortgage debt and pledge some or all of our real properties as security for that debt to obtain funds to acquire additional real properties or for working capital. We may also borrow funds to satisfy the REIT tax qualification requirement that we distribute at least 90% of our annual ordinary taxable income to our stockholders. Furthermore, we may borrow if we otherwise deem it necessary or advisable to ensure that we maintain our qualification as a REIT for U.S. federal income tax purposes. We have historically maintained a low leveraged balance sheet and intend to continue to maintain this structure over the long run. However, our total leverage may fluctuate on a short term basis as we execute our business strategy.

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High debt levels will cause us to incur higher interest charges, which would result in higher debt service payments and could be accompanied by restrictive covenants. If there is a shortfall between the cash flow from a property and the cash flow needed to service mortgage debt on that property, then the amount available for distributions to our stockholders may be reduced. In addition, incurring mortgage debt increases the risk of loss since defaults on indebtedness secured by a property may result in lenders initiating foreclosure actions. In that case, we could lose the property securing the loan that is in default, thus reducing the value of the Company. For tax purposes, a foreclosure of any of our properties will be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we will recognize taxable income on foreclosure, but we would not receive any cash proceeds. We may give full or partial guarantees to lenders of mortgage debt to our affiliated entities that own our properties. When we give a guaranty on behalf of an affiliated entity that owns one of our properties, we will be responsible to the lender for satisfaction of the debt if it is not paid by our affiliated entity. If any mortgage contains cross-collateralization or cross-default provisions, a default by us on a single property could affect multiple properties. If any of our properties are foreclosed upon due to a default by us, our ability to pay cash distributions to our stockholders could be adversely affected.

Covenants in the instruments governing our existing indebtedness limit our operational flexibility and a covenant breach could adversely affect our operations.

The terms of the instruments governing our existing indebtedness require us to comply with a number of customary financial and other covenants. These provisions include, among other things: a limitation on the incurrence of additional indebtedness; limitations on mergers; investments; acquisitions; redemptions of capital stock; transactions with affiliates; and maintenance of specified financial ratios. Our continued ability to incur debt and operate our business is subject to compliance with these covenants, which limit our operational flexibility. Breaches of these covenants could result in defaults by us under applicable debt instruments, even if payment obligations are satisfied. Financial and other covenants that limit our operational flexibility, as well as defaults resulting from our breach of any of these covenants in our debt instruments, could have an adverse effect on our financial condition and results of operations.

Adverse changes in our credit ratings could impair our ability to obtain additional debt and equity financing on favorable terms, if at all, and negatively impact the market price of our securities, including our common stock.

Our credit ratings are based on our operating performance, liquidity and leverage ratios, overall financial position and other factors employed by the credit rating agencies in their rating analysis of us. Our credit ratings can affect the amount and type of capital we can access, as well as, the terms of any financings we may obtain. There can be no assurance that we will be able to maintain our current credit ratings, and, in the event that our current credit ratings deteriorate, we would likely incur higher borrowing costs and it may be more difficult or expensive for us to obtain additional financing or refinance existing obligations and commitments. Also, a downgrade in our credit ratings would trigger additional costs or other potentially negative consequences for us under our current and future credit facilities and debt instruments.

Risks Related to Joint Ventures

The terms of joint venture agreements or other joint ownership arrangements into which we have entered and may enter could impair our cash flow, our operating flexibility and our results of operations.

In connection with the purchase of real estate, we have entered and may continue to enter into joint ventures with third parties. We may also purchase or develop properties in co-ownership arrangements with the sellers of the properties, developers or other persons. Our joint venture partners may also have rights to take actions over which we have no control and may take actions contrary to our interests. Joint ownership of an investment in real estate may involve risks not associated with direct ownership of real estate, including the following:

- a venture partner may at any time have economic or other business interests or goals which are or become inconsistent with our business interests or goals, including inconsistent goals relating to the sale of properties held in a joint venture or the timing of the termination and liquidation of the venture;
- a venture partner might become bankrupt and such proceedings could have an adverse impact on the operation of the partnership or joint venture;

- a venture partner's actions might have the result of subjecting the property to liabilities in excess of those contemplated; and
- a venture partner may be in a position to take action contrary to our instructions or requests, or contrary to our policies or objectives, including our policy with respect to qualifying and maintaining our qualification as a REIT.

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Under certain joint venture arrangements, neither venture partner may have the power to control the venture nor an impasse could occur, which might adversely affect the joint venture and decrease potential returns to our stockholders. If we have a right of first refusal or buy/sell right to buy-out a venture partner, we may be unable to finance such a buy-out or we may be forced to exercise those rights at a time when it would not otherwise be in our best interest to do so. If our interest is subject to a buy/sell right, we may not have sufficient cash, available borrowing capacity or other capital resources to allow us to purchase an interest of a venture partner subject to the buy/sell right, in which case we may be forced to sell our interest when we would otherwise prefer to retain our interest. In addition, we may not be able to sell our interest in a joint venture on a timely basis or on acceptable terms if we desire to exit the venture for any reason, particularly if our interest is subject to a right of first refusal in favor of our venture partner.

Federal Income Tax Risks

Failure to qualify as a REIT for U.S. federal income tax purposes would subject us to federal income tax on our taxable income at regular corporate rates, which would substantially reduce our ability to make distributions to our stockholders.

We elected to be taxed as a REIT for U.S. federal income tax purposes beginning with our taxable year ended December 31, 2007 and we believe that our current and intended manner of operation will enable us to continue to meet the requirements to be taxed as a REIT. To qualify as a REIT, we must meet various requirements set forth in the Code concerning, among other things, the ownership of our outstanding common stock, the nature of our assets, the sources of our income and the amount of our distributions to our stockholders. The REIT qualification requirements are extremely complex and interpretations of the federal income tax laws governing qualification as a REIT are limited. Accordingly, we cannot be certain that we will be successful in operating so as to qualify as a REIT. At any time, new laws, interpretations or court decisions may change the federal tax laws relating to, or the federal income tax consequences of, qualification as a REIT. It is possible that future economic, market, legal, tax or other considerations may cause our Board of Directors to revoke our REIT election, which it may do without stockholder approval.

If we were to fail to qualify as a REIT for any taxable year, we would not be able to deduct distributions to shareholders in computing our taxable income and we would be subject to U.S. federal income tax on our taxable income at corporate rates. We could also be subject to the federal alternative minimum tax and increased state and local taxes. Losing our qualification as a REIT would reduce our net earnings available for investment or distribution to stockholders due to the additional tax liability and we would no longer be required to make distributions. To the extent that distributions had been made in anticipation of our qualifying as a REIT, we might be required to borrow funds or liquidate some investments in order to pay the applicable corporate income tax. In addition, we would generally be disqualified from treatment as a REIT for the four taxable years following the year in which we lose our qualification as a REIT.

As a result of all these factors, our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and would substantially reduce our ability to make distributions to our stockholders.

To continue to qualify as a REIT and to avoid the payment of U.S. federal income and excise taxes, we may be forced to borrow funds, use proceeds from the issuance of securities or sell assets to pay distributions, which may result in our distributing amounts that may otherwise be used for our operations or cause us to forgo otherwise attractive opportunities.

To obtain the favorable tax treatment accorded to REITs, we normally will be required each year to distribute to our stockholders at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and by excluding net capital gains. We will be subject to U.S. federal income tax on our undistributed taxable income and net capital gain and to a 4% nondeductible excise tax on any amount by which distributions we pay with respect to any calendar year are less than the sum of: (a) 85% of our ordinary income; (b) 95% of our capital gain net income; and (c) 100% of our undistributed income from prior years. These requirements could cause us to make distributions to our stockholders at disadvantageous times or when we do not have funds readily available for distribution, or we may be required to liquidate otherwise attractive investments. These requirements could additionally cause us to distribute amounts that otherwise would be spent on acquisitions of properties and it is possible that we might be required to borrow funds, use proceeds from the issuance of securities or sell assets in order to distribute enough of

our taxable income to maintain our qualification as a REIT and to avoid the payment of federal income and excise taxes. Thus, compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

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To preserve our qualification as a REIT, our charter contains ownership limits with respect to our capital stock that may delay, defer or prevent a change of control of HTA or other transaction that may be benefit our stockholders.

To assist us in preserving our qualification as a REIT, our charter contains a limitation on ownership that prohibits any individual, entity or group, unless exempted by our Board of Directors, from directly acquiring beneficial ownership of more than 9.8% of the value of HTA's then outstanding capital stock (which includes common stock and any preferred stock HTA may issue) or more than 9.8% of the value or number of shares, whichever is more restrictive, of HTA's then outstanding common stock.

Any attempted transfer of HTA's stock which, if effective, would result in HTA's stock being beneficially owned by fewer than 100 persons will be null and void. Any attempted transfer of HTA's stock which, if effective, would result in violation of the ownership limits discussed above or in HTA being "closely held" under Section 856(h) of the Code or otherwise failing to qualify as a REIT, will cause the number of shares causing the violation (rounded up to the nearest whole share) to be automatically transferred to a trust for the exclusive benefit of one or more charitable beneficiaries and the proposed transferee will not acquire any rights in the shares.

These ownership limits may prohibit business combinations that would otherwise have been approved by our Board of Directors and our stockholders and may also decrease our stockholders' ability to sell their shares of our common stock. These ownership limits could also delay, defer or prevent a transaction, such as a tender offer, or a change of control that might involve a premium price for our common stock or might otherwise be in the best interests of our stockholders.

Risks Related to Our Common Stock

The price of our common stock has and may continue to fluctuate, which may make it difficult for you to sell our common stock when you want to do so, or at prices you find attractive.

The price of our common stock on the New York Stock Exchange ("NYSE") constantly changes and has been subject to price fluctuations. We expect that the market price of our common stock will continue to fluctuate. Our stock price can fluctuate as a result of a variety of factors, many of which are beyond our control. These factors may include:

- actual or anticipated variations in our quarterly operating results;
- changes in our earnings estimates or publication of research reports about us or the real estate industry, although no assurance can be given that any research reports about us will be published;
- future sales of substantial amounts of common stock by our existing or future stockholders;
- increases in market interest rates, which may lead purchasers of our stock to demand a higher yield;
- changes in market valuations of similar companies;
- adverse market reaction to any increased indebtedness we incur in the future;
- additions or departures of key personnel;
- actions by institutional stockholders;
- speculation in the press or investment community; and
- general market and economic conditions.

In addition, the stock market in general may experience extreme volatility that may be unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the market price of our common stock.

Future offerings of debt securities, which would be senior to our common stock, or equity securities, which would dilute our existing stockholders and may be senior to our common stock, may adversely affect the market price of our common stock.

In the future, we may issue debt or equity securities, including medium term notes, senior or subordinated notes and classes of preferred or common stock. Debt securities or shares of preferred stock will generally be entitled to receive distributions, both current and in connection with any liquidation or sale, prior to the holders of our common stock. Our Board of Directors may issue such securities without stockholder approval and under Maryland law may amend our charter to increase the aggregate number of authorized shares of capital stock or the number of authorized shares of capital stock of any class or series without stockholder approval. We are not required to offer any such additional debt or equity securities to existing holders of our common stock on a preemptive basis. Therefore, offerings by us of our common stock or other equity securities may dilute the percentage ownership interest of our existing stockholders. To the extent we issue additional equity interests, our stockholders' percentage ownership interest in us will be diluted. Depending upon the terms and pricing of any additional offerings and the value of our properties and other real estate related assets, our stockholders may also experience dilution in both the book value and fair market value of their shares. As a result, future offerings of our debt or equity securities, or the perception that such offerings may occur, may reduce the market price of our common stock and/or the distributions that we pay with respect to our common stock.

The availability and timing of cash distributions to our stockholders is uncertain, which could adversely affect the market price of our common stock and may include a return of capital.

Our organizational documents do not establish a limit on the amount of net proceeds we may use to fund distributions. All distributions, however, will be at the sole discretion of our Board of Directors and will depend upon our actual and projected financial condition, results of operations, cash flows, liquidity and FFO, maintenance of our REIT qualification and such other matters as our Board of Directors may deem relevant from time to time. We cannot assure our stockholders that sufficient cash will be available to make distributions or that the amount of distributions will increase over time. Our failure to meet the market's expectations with regard to future cash distributions likely would adversely affect the market price of our common stock.

Increases in market interest rates and related risks may cause the value of our investments in real estate related assets to be reduced and could result in a decrease in the value of our common stock.

One of the factors that may influence the price of our common stock will be the dividend distribution rate on our common stock (as a percentage of the price of our common stock) relative to market interest rates. If market interest rates rise, prospective purchasers of common stock may expect a higher distribution rate. Higher interest rates would not, however, result in more funds being available for distribution. In fact, if market interest rates rise, the market value of our fixed income securities would likely decline, our borrowing costs would likely increase and our funds available for distribution would likely decrease. During periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected principal payments. This may lock in a below-market interest rate, increase the security's duration and reduce the value of the security. During periods of declining interest rates, an issuer may be able to exercise an option to prepay principal earlier than scheduled, which may force us to reinvest in lower yielding securities. Preferred and debt securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer. These risks may reduce the value of our investments in real estate related assets. Therefore, we may not be able, or we may not choose, to provide a higher distribution rate. As a result, prospective purchasers may decide to purchase other securities rather than our common stock, which would reduce the demand for, and result in a decline in the market price of, our common stock.

Item 1B. Unresolved Staff Comments

Not applicable.

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Item 2. Properties

We have invested $3.6 billion in MOBs and other facilities that serve the healthcare industry through December 31, 2015. As of December 31, 2015, our portfolio consisted of approximately 15.5 million square feet of GLA, with a leased rate of 92.0% (includes leases which have been executed, but which have not yet commenced). Approximately 97% of our portfolio, based on GLA, was located on the campuses of, or aligned with, nationally or regionally recognized healthcare systems. Our portfolio is diversified geographically across 28 states, with no state having more than 13% of the total GLA as of December 31, 2015. All but one of our properties are 100% owned.

As of December 31, 2015, we owned fee simple interests in properties representing 68% of our total GLA. We hold long-term leasehold interests in the remaining properties in our portfolio, representing 32% of our total GLA. As of December 31, 2015, these leasehold interests had an average remaining term of 53.0 years.

The following information generally applies to our properties:

- we believe all of our properties are adequately covered by insurance and are suitable for their intended purposes;
- our properties are located in markets where we are subject to competition in attracting new tenants and retaining current tenants; and
- depreciation is provided on a straight-line basis over the estimated useful lives of the buildings, up to 39 years, and over the shorter of the lease term or useful lives of the tenant improvements.

Tenant Lease Expirations

The following table presents the sensitivity of our annualized base rent due to tenant lease expirations for existing leases for the next 10 years:

Expiration (1)	Number of Leases Expiring	Total GLA of Expiring Leases (2)	Percent of GLA of Expiring Leases	Annualized Base Rent of Expiring Leases (2)(3)	Percent of Total Annualized Base Rent
Month-to-month	138	235	1.7 %	$4,909	1.5 %
2016	366	1,146	8.1	25,651	8.0
2017	378	1,456	10.3	32,352	10.1
2018	330	1,693	11.9	35,193	11.0
2019	254	1,191	8.4	28,961	9.0
2020	243	1,155	8.1	28,118	8.8
2021	231	1,705	12.0	37,681	11.7
2022	148	1,095	7.7	25,861	8.1
2023	68	760	5.3	14,958	4.7
2024	72	1,256	8.8	26,404	8.2
2025	68	407	2.9	8,985	2.8
Thereafter	115	2,114	14.8	52,026	16.1
Total	2,411	14,213	100 %	$321,099	100 %

(1) Leases scheduled to expire on December 31 of a given year are included within that year in the table.
(2) In thousands.
(3) Annualized base rent is calculated by multiplying contractual base rent as of December 31, 2015 by 12 (excluding the impact of abatements, concessions, and straight-line rent).

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Geographic Diversification/Concentration Table

The following table lists the states in which our properties are located and provides certain information regarding our portfolio's geographic diversification/concentration as of December 31, 2015:

State	GLA [1]	Percent of GLA	Annualized Base Rent [1][2]	Percent of Annualized Base Rent
Arizona	1,231	8.0 %	$21,904	6.8 %
California	284	1.8	5,242	1.6
Colorado	371	2.4	8,812	2.7
Florida	1,857	12.0	38,994	12.1
Georgia	735	4.8	15,647	4.9
Hawaii	142	0.9	3,742	1.2
Illinois	139	0.9	4,737	1.5
Indiana	1,397	9.0	21,731	6.8
Kansas	65	0.4	1,780	0.6
Maryland	181	1.2	4,447	1.4
Massachusetts	923	6.0	29,138	9.1
Michigan	203	1.3	5,144	1.6
Minnesota	158	1.0	1,526	0.5
Missouri	296	1.9	7,397	2.3
Nevada	73	0.5	1,089	0.3
New Hampshire	72	0.5	1,347	0.4
New Mexico	54	0.3	1,424	0.4
New York	1,108	7.2	22,723	7.1
North Carolina	434	2.8	9,543	3.0
Ohio	416	2.7	5,503	1.7
Oklahoma	186	1.2	3,967	1.2
Pennsylvania	1,204	7.8	21,922	6.8
South Carolina	1,248	8.1	22,696	7.1
Tennessee	444	2.9	7,942	2.5
Texas	1,780	11.5	43,641	13.6
Utah	112	0.7	2,046	0.6
Virginia	63	0.4	630	0.2
Wisconsin	277	1.8	6,385	2.0
Total	15,453	100 %	$321,099	100 %

(1) In thousands.

(2) Annualized base rent is calculated by multiplying contractual base rent as of December 31, 2015 by 12 (excluding the impact of abatements, concessions, and straight-line rent).

Item 3. Legal Proceedings

We are subject to claims and litigation arising in the ordinary course of business. We do not believe any liability from any reasonably foreseeable disposition of such claims and litigation, individually or in the aggregate, would have a material adverse effect on our accompanying consolidated financial statements.

Item 4. Mine Safety Disclosures

Not applicable

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PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Effective December 15, 2014, HTA completed a Reverse Stock Split of its common stock. As a result of the Reverse Stock Split, every two issued and outstanding shares of common stock were converted into one share of common stock. HTA’s par value and shares authorized remained unchanged. Concurrently with the Reverse Stock Split, HTALP effected a corresponding Reverse Stock Split of its outstanding units of limited partnership interests. The weighted average shares/units outstanding and per share/unit amounts for all periods prior to 2015 have been adjusted retroactively to reflect the Reverse Stock Split.

Market Information

The following table sets forth the high and low sales prices of HTA’s common stock as reported on the NYSE and the dividends declared per share by HTA. There is no established market for trading HTALP’s common units.

2015	High	Low	Dividends Declared Per Share
First Quarter	$30.28	$25.69	$0.2900
Second Quarter	28.54	23.55	0.2900
Third Quarter	26.25	22.35	0.2950
Fourth Quarter	27.24	23.98	0.2950
Total			$1.1700

2014 (1)	High	Low	Dividends Declared Per Share
First Quarter	$23.32	$19.44	$0.2875
Second Quarter	25.32	22.26	0.2875
Third Quarter	25.18	23.02	0.2900
Fourth Quarter	27.64	23.08	0.2900
Total			$1.1550

(1) Amounts have been adjusted retroactively to reflect the Reverse Stock Split effected on December 15, 2014.

Dividends

In accordance with the terms of HTALP’s partnership agreement, the dividend HTA pays to its stockholders is equal to the amount of distributions it receives from HTALP. Therefore, the distribution amounts presented above reflect the amount of distributions paid by HTALP to HTA.

On February 18, 2016, HTA’s Board of Directors authorized a quarterly cash dividend of $0.295 per share to be paid on April 8, 2016 to stockholders of record on April 1, 2016.

Stockholders

As of February 17, 2016, HTA had 2,694 stockholders of record.

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Stock Performance Graph

The graph below compares the cumulative returns of HTA, US REIT Index (RMS), S&P 500 Index and SNL Healthcare Index from the date of our listing on the NYSE on June 6, 2012 through December 31, 2015. All periods prior to 2015 have been adjusted retroactively to reflect the Reverse Stock Split. The total returns assume dividends are reinvested.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

During the three months ended December 31, 2015, HTA repurchased shares of its common stock as follows:

Period	Total Number of Shares Purchased (1) (2)	Average Price Paid per Share (1) (2)	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
October 1, 2015 to October 31, 2015	—	$—	—	—
November 1, 2015 to November 30, 2015	—	—	—	—
December 1, 2015 to December 31, 2015	12,801	26.93	—	—

(1) Purchases mainly represent shares withheld to satisfy withholding obligations on the vesting of restricted shares. The price paid per share was the then closing price of our common stock on the NYSE.

(2) For each share of common stock redeemed by HTA, HTALP redeems a corresponding number of units in the operating partnership. Therefore, the units in the operating partnership repurchased by HTALP are the same as the shares of common stock repurchased by HTA as shown above.

Securities Authorized for Issuance under Equity Compensation Plans

The Amended and Restated 2006 Incentive Plan (the “Plan”) authorizes the granting of awards in any of the following forms: options; stock appreciation rights; restricted stock; restricted or deferred stock units; performance awards; dividend equivalents; other stock-based awards, including units in operating partnership; and cash-based awards. Subject to adjustment as provided in the Plan, the aggregate number of shares of our common stock reserved and available for issuance pursuant to awards granted under the Plan is 5,000,000.

Recent Sales of Unregistered Securities, Use of Proceeds from Registered Securities Paid

None.

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Item 6. Selected Financial Data

The following should be read with Item 1A - Risk Factors, Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations, our accompanying consolidated financial statements and the notes thereto, as acquisitions, changes in accounting policies and other items impact the comparability of our financial data. Our historical results are not necessarily indicative of results for any future period.

Healthcare Trust of America, Inc.

	December 31,				
(In thousands)	2015	2014	2013	2012	2011
Balance Sheet Data:					
Real estate investments, net	$2,959,468	$2,822,844	$2,526,991	$2,231,530	$2,038,339
Total assets [(1)]	3,172,300	3,031,384	2,744,666	2,407,421	2,287,192
Debt [(1)]	1,590,696	1,402,195	1,206,573	1,030,690	634,712
Noncontrolling interests	27,534	29,282	12,543	10,329	—
Total equity	1,406,958	1,476,421	1,399,749	1,264,595	1,567,340

	Year Ended December 31,				
(In thousands, except per share data)	2015	2014	2013	2012	2011
Statement of Operations Data:					
Total revenues [(2)]	$403,822	$371,505	$321,601	$299,644	$274,438
Rental expenses [(2)]	123,390	113,508	97,316	95,307	88,760
Net income (loss) attributable to common stockholders	32,931	45,371	24,261	(24,424)	5,541
Net income (loss) attributable to common stockholders per share - basic [(3)]	0.26	0.38	0.21	(0.22)	0.05
Net income (loss) attributable to common stockholders per share - diluted [(3)]	0.26	0.37	0.21	(0.22)	0.05
Statement of Cash Flows Data:					
Cash flows provided by operating activities	$191,095	$168,499	$147,824	$116,785	$111,807
Cash flows used in investing activities	(269,264)	(259,702)	(374,700)	(283,545)	(65,958)
Cash flows provided by (used in) financing activities	80,826	83,535	229,001	113,225	(5,628)
Other Data:					
Dividends declared to stockholders	$147,539	$139,355	$132,680	$142,044	$162,597
Dividends declared per share [(3)]	1.17	1.16	1.15	1.28	1.45
Dividends paid in cash to stockholders	146,372	137,158	129,360	93,273	84,800
Dividends reinvested	—	—	—	31,916	75,864
FFO attributable to common stockholders [(4)]	188,206	157,746	145,908	91,994	113,083
Normalized FFO attributable to common stockholders [(4)]	195,920	176,639	147,834	135,262	116,378
NOI [(5)]	280,432	257,997	224,285	204,337	185,678

(1) The amounts for 2011-2014 differ from amounts previously reported in our Annual Reports for the years ended December 31, 2011, 2012, 2013 and 2014, as a result of the retrospective presentation of the early adoption of ASU 2015-03 and 2015-15 as of December 31, 2015. For additional information see Note 2 - Summary of Significant Accounting Policies of Item 15 - Exhibits, Financial Statement Schedules.

(2) The amounts for the years ended December 31, 2011, 2012 and 2013 differ from amounts previously reported in our Annual Reporting for the year ended December 31, 2013, as a result of discontinued operations of one property classified as held for sale in 2013. During 2014, this property was reclassified out of held for sale and the results of operations were included within the results of operating properties for all periods presented.

(3) The amounts for the years ended December 31, 2011, 2012 and 2013 have been adjusted retroactively to reflect the Reverse Stock Split effected on December 31, 2014.

(4) For additional information on FFO and Normalized FFO, see Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations, which includes a reconciliation to net income or loss attributable to

common stockholders and an explanation of why we present these non-GAAP financial measures.
(5) For additional information on NOI, see Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations, which includes a reconciliation to net income or loss attributable to common stockholders and an explanation of why we present this non-GAAP financial measure.

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Healthcare Trust of America Holdings, LP

	December 31,				
(In thousands)	2015	2014	2013	2012	2011
Balance Sheet Data:					
Real estate investments, net	$2,959,468	$2,822,844	$2,526,991	$2,231,530	$2,038,339
Total assets (1)	3,172,300	3,031,384	2,744,666	2,407,421	2,287,192
Debt (1)	1,590,696	1,402,195	1,206,573	1,030,690	634,712
Total partners' capital	1,406,958	1,476,421	1,401,294	1,266,199	1,568,927

	Year Ended December 31,				
(In thousands, except per unit data)	2015	2014	2013	2012	2011
Statement of Operations Data:					
Total revenues (2)	$403,822	$371,505	$321,601	$299,644	$274,438
Rental expenses (2)	123,390	113,508	97,316	95,307	88,760
Net income (loss) attributable to common unitholders	33,445	45,861	24,633	(24,408)	5,563
Net income (loss) attributable to common unitholders per unit - basic (3)	0.26	0.38	0.21	(0.22)	0.05
Net income (loss) attributable to common unitholders per unit - diluted (3)	0.26	0.38	0.21	(0.22)	0.05
Statement of Cash Flows Data:					
Cash flows provided by operating activities	$191,095	$168,499	$147,824	$116,785	$111,807
Cash flows used in investing activities	(269,264)	(259,702)	(374,700)	(283,545)	(65,958)
Cash flows provided by (used in) financing activities	80,826	83,535	229,001	113,225	(5,628)
Other Data:					
Distributions declared to general partner	$147,539	$139,355	$132,680	$141,944	$162,483
Distributions declared per unit (3)	1.17	1.16	1.15	1.28	1.45
Distributions paid in cash to general partner	146,372	137,158	129,360	93,273	84,800
Distributions reinvested	—	—	—	31,916	75,864
FFO attributable to common unitholders (4)	188,720	158,236	146,280	92,010	113,105
Normalized FFO attributable to common unitholders (4)	195,920	176,639	147,835	135,262	116,378
NOI (5)	280,432	257,997	224,285	204,337	185,678

(1) The amounts for 2011-2014 differ from amounts previously reported in our Annual Reports for the years ended December 31, 2011, 2012, 2013 and 2014, as a result of the retrospective presentation of the early adoption of ASU 2015-03 and 2015-15 as of December 31, 2015. For additional information see Note 2 - Summary of Significant Accounting Policies of Item 15 - Exhibits, Financial Statement Schedules.
(2) The amounts for the years ended December 31, 2011, 2012 and 2013 differ from amounts previously reported in our Annual Reporting for the year ended December 31, 2013, as a result of discontinued operations of one property classified as held for sale in 2013. During 2014, this property was reclassified out of held for sale and the results of operations were included within the results of operating properties for all periods presented.
(3) The amounts for the years ended December 31, 2011, 2012 and 2013 have been adjusted retroactively to reflect the Reverse Stock Split effected on December 31, 2014.
(4) For additional information on FFO and Normalized FFO, see Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations, which includes a reconciliation to net income or loss attributable to common unitholders and an explanation of why we present these non-GAAP financial measures.
(5) For additional information on NOI, see Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations, which includes a reconciliation to net income or loss attributable to common unitholders and an explanation of why we present this non-GAAP financial measure.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The use of the words "we," "us" or "our" refers to HTA and HTALP, collectively.

The following discussion should be read in conjunction with our consolidated financial statements and notes appearing elsewhere in this Annual Report. Such consolidated financial statements and information have been prepared to reflect HTA's and HTALP's financial position as of December 31, 2015 and 2014, together with results of operations and cash flows for the years ended December 31, 2015, 2014 and 2013.

The information set forth below is intended to provide readers with an understanding of our financial condition, changes in financial condition and results of operations.

- Forward-Looking Statements;
- Executive Summary;
- Company Highlights;
- Critical Accounting Policies;
- Recently Issued or Adopted Accounting Pronouncements;
- Factors Which May Influence Results of Operations;
- Results of Operations;
- Non-GAAP Financial Measures;
- Liquidity and Capital Resources;
- Commitments and Contingencies;
- Debt Service Requirements;
- Off-Balance Sheet Arrangements;
- Inflation; and
- Federal Income Tax Changes and Updates for Incorporation in Existing Registration Statements.

Forward-Looking Statements

Certain statements contained in this Annual Report constitute forward-looking statements within the meaning of the safe harbor from civil liability provided for such statements by the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act")). Such statements include, in particular, statements about our plans, strategies and prospects and estimates regarding future MOB market performance. Additionally, such statements are subject to certain risks and uncertainties, as well as known and unknown risks, which could cause actual results to differ materially and in adverse ways from those projected or anticipated. Therefore, such statements are not intended to be a guarantee of our performance in future periods. Forward-looking statements are generally identifiable by the use of such terms as "expect," "project," "may," "should," "could," "would," "intend," "plan," "anticipate," "estimate," "believe," "continue," "opi "potential," "pro forma" or the negative of such terms and other comparable terminology. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date this Annual Report is filed with the SEC. We cannot guarantee the accuracy of any such forward-looking statements contained in this Annual Report, and we do not intend to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

Any such forward-looking statements reflect our current views about future events, are subject to unknown risks, uncertainties, and other factors, and are based on a number of assumptions involving judgments with respect to, among other things, future economic, competitive and market conditions, all of which are difficult or impossible to predict accurately. To the extent that our assumptions differ from actual results, our ability to meet such forward-looking statements, including our ability to generate positive cash flow from operations, provide dividends to stockholders and maintain the value of our real estate properties, may be significantly hindered. Factors that might impair our ability to meet such forward-looking statements include, without limitation, those discussed in Part I, Item 1A - Risk Factors are included herein and other filings with the SEC.

Forward-looking statements express expectations of future events. All forward-looking statements are inherently uncertain as they are based on various expectations and assumptions concerning future events and they are subject to numerous known and unknown risks and uncertainties that could cause actual events or results to differ materially from those projected. Due to these inherent uncertainties, our stockholders are urged not to place undue reliance on

forward-looking statements. Forward-looking statements speak only as of the date made. In addition, we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to projections over time, except as required by law.

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These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Additional information concerning us and our business, including additional factors that could materially affect our financial results, is included herein and in our other filings with the SEC.

Executive Summary

HTA is one of the largest publicly-traded REITs focused on MOBs in the U.S. based on GLA. HTA conducts substantially all of its operations through HTALP. We are primarily focused on acquiring, owning and operating high quality MOBs that are predominantly located on the campuses of, or aligned with, nationally or regionally recognized healthcare systems. Our primary objective is to maximize stockholder value with disciplined growth through strategic investments and to provide an attractive risk-adjusted return for our stockholders by consistently increasing our cash flow. In pursuing this objective we: (i) generate internal growth through proactive asset management, leasing and property management; (ii) target accretive investments in MOBs that are on the campuses of, or aligned with, healthcare systems and located in markets with attractive demographics that complement our existing portfolio; and (iii) actively manage our balance sheet to maintain flexibility with low leverage.

Since 2006, we have invested $3.6 billion to create a portfolio of MOBs and other healthcare assets consisting of approximately 15.5 million square feet of GLA throughout the U.S. Approximately 97% of our portfolio, based on GLA, was located on the campuses of, or aligned with, nationally or regionally recognized healthcare systems. We continue to focus on building relationships with strong tenants and healthcare systems that are leaders in their markets. The leased rate for our portfolio was 92.0% (includes leases which have been executed, but which have not yet commenced) and the occupancy rate was 91.4% as of December 31, 2015. Approximately 61% of our annualized base rent as of December 31, 2015 was derived from tenants that have (or whose parent companies have) a credit rating from a nationally recognized rating agency.

Our portfolio is diversified geographically across 28 states, with no state having more than 13% of our total GLA as of December 31, 2015. We are concentrated in locations that we have determined to be strategic based on demographic trends and projected demand for MOBs, and we expect to continue to invest in these markets. We have concentrations in the following key markets and Top 75 MSAs: Albany, Atlanta, Austin, Boston, Charleston, Columbus, Dallas, Denver, Greenville, Honolulu, Houston, Indianapolis, Miami, Orlando, Phoenix, Pittsburgh, Raleigh, Tampa and White Plains.

Company Highlights

Portfolio Operating Performance

- For the year ended December 31, 2015, net income was $0.26 per diluted share, of $33.6 million, compared to $0.37 per diluted share, or $46.0 million, for the year ended December 31, 2014. Net income for the year ended December 31, 2014 included gains on the sales of real estate of $27.9 million.
- For the year ended December 31, 2015, HTA's Normalized FFO was $1.53 per diluted share, or $195.9 million, an increase of $0.07 per diluted share, or 4.8%, compared to the year ended December 31, 2014. For the year ended December 31, 2015, HTALP's Normalized FFO was $1.53 per diluted unit, or $195.9 million, an increase of $0.07 per diluted unit, or 4.8%, compared to the year ended December 31, 2014.
- For additional information on Normalized FFO, see "FFO and Normalized FFO" below, which includes a reconciliation to net income attributable to common stockholders/unitholders and an explanation of why we present this non-GAAP financial measure.
- For the year ended December 31, 2015, our total revenue increased 8.7%, or $32.3 million, to $403.8 million, compared to the year ended December 31, 2014.
- For the year ended December 31, 2015, our NOI increased 8.7%, or $22.4 million, to $280.4 million, compared to the year ended December 31, 2014.
- For the year ended December 31, 2015, our Same-Property Cash NOI increased 2.9%, or $6.2 million, to $224.0 million, compared to the year ended December 31, 2014.
- For additional information on NOI and Same-Property Cash NOI, see "NOI, Cash NOI and Same-Property Cash NOI" below, which includes a reconciliation to net income and an explanation of why we present these non-GAAP financial measures.

Internal Growth Through Proactive Asset Management Leasing and Property Management

- As of December 31, 2015, our leased rate (includes leases which have been executed, but which have not yet commenced) was 92.0% by GLA and our occupancy rate was 91.4% by GLA.
- During the year ended December 31, 2015, we entered into new and renewal leases on approximately 1.0 million square feet of GLA, or 6.6% of our portfolio.
- Tenant retention for the Same-Property portfolio was 80% for the year, which we believe is indicative of our commitment to maintaining buildings in desirable locations and fostering strong tenant relationships. Tenant retention is defined as the sum of the total leased GLA of tenants that renewed a lease during the period over the total GLA of leases that renewed or expired during the period.
- As of December 31, 2015, our in-house property management and leasing platform operated approximately 14.6 million square feet of GLA, or 94%, of our total portfolio.

Key Market Focused Strategy and Investments

We have been one of the most active investors in the medical office sector over the last nine years and have developed a strong presence across 15 to 20 key markets. In each of these markets we have established a strong asset management and leasing platform that has allowed us to develop valuable relationships with health systems, physician practices, universities, and regional development firms that have led to investment and leasing opportunities. Our local platforms have also enabled us to focus on generating cost efficiencies as we gain scale across individual markets and regions.

- As of December 31, 2015, we had approximately 700,000 to 1.0 million square feet of GLA in each of our top ten markets. We expect to establish this scale across 20 to 25 key markets as our portfolio expands.
- Our key markets represent top MSAs with strong growth metrics in jobs and population, low unemployment and mature healthcare infrastructures.
- Our investment strategy includes the alignment with key healthcare systems, hospitals and leading academic medical universities.
- Over the last several years, our investments have been focused in our key markets, with the majority of our investments also being located either on the campuses of, or aligned with, nationally and regionally recognized healthcare systems.
- During the year ended December 31, 2015, we acquired investments of $280.9 million, all of which were located in our key markets of Atlanta, Boston, Charleston, Columbus, Indianapolis and Raleigh, and a vast majority were located on the campuses of, or aligned with, nationally and regionally recognized healthcare systems.
- Part of our investment strategy also includes recycling assets that are now considered non-core or are located outside our key markets. During the year ended December 31, 2015, we completed dispositions of six MOBs for an aggregate gross sales price of $35.7 million, generating a gain of $0.2 million. Net of dispositions, the increase in our portfolio size was approximately 7.4% based on purchase price.

Financial Strategy and Balance Sheet Flexibility

- As of December 31, 2015, we had total liquidity of $639.6 million, including cash and cash equivalents of $13.1 million and $626.5 million available on our unsecured revolving credit facility (includes the impact of $5.5 million of outstanding letters of credit). Our leverage ratio of debt to capitalization was 31.4%.
- During 2015, we issued and sold approximately $45.0 million of common stock through the at-the-market (“ATM”) offering program, at an average price of $25.00 per share.
- In February 2015, we amended our unsecured revolving credit and term loan facility (the “Unsecured Credit Agreement”). The amendment added an additional lender and increased the amount available under the unsecured revolving credit facility by $50.0 million to $850.0 million. The other existing terms of the Unsecured Credit Agreement were unchanged.

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Critical Accounting Policies

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires our management to use judgment in the application of accounting principles, including making estimates. We base our estimates on experience and various other assumptions we believe are reasonable under the circumstances. These estimates affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting periods. However, if our judgment or interpretation of the facts and circumstances relating to the various transactions or other matters had been different, it is possible that different accounting would have been applied, resulting in different presentation of our financial statements. We periodically reevaluate our estimates and in the event they prove to be different from actual results, we make adjustments in subsequent periods to reflect more current estimates about matters that are inherently uncertain. Below is a discussion of accounting policies that we consider critical as they may require more complex judgment in their application or require estimates about matters that are inherently uncertain. For further information on significant accounting policies that impact us, see Note 2 - Summary of Significant Accounting Policies to the accompanying consolidated financial statements.

Basis of Presentation

Our accompanying consolidated financial statements include our accounts and those of our wholly-owned subsidiaries and joint venture entities in which we own a majority interest with the ability control operations. We consolidate variable interest entities ("VIEs") when we are the primary beneficiary. All inter-company balances and transactions have been eliminated in the accompanying consolidated financial statements.

We make judgments with respect to our level of influence or control and whether we are (or are not) the primary beneficiary of a VIE. Consideration of various factors includes, but is not limited to, our ability to direct the activities that most significantly impact the entity's economic performance, our form or ownership interest, our representation on the entity's governing body, the size and seniority of our investment, our ability and rights of other investors to participate in policy making decisions, replace the manager and/or liquidate the entity, if applicable. Our ability to correctly assess our influence or control over an entity when determining the primary beneficiary of a VIE affects the presentation of these entities in our consolidated financial statements. If we perform a primary beneficiary analysis at a date other than at inception of the VIE, our assumptions may be different and may result in the identification of a different primary beneficiary.

Revenue Recognition and Allowance for Uncollectible Accounts

Rental revenue is our primary source of revenue. At the inception of a new lease we assess the terms and conditions to determine proper classification. If the estimates utilized by us in our assessment were different, then our lease classification for accounting purposes may have been different, which could impact the timing and amount of revenue recognized.

We recognize rental revenue from operating leases on a straight-line basis over the term of the related lease (including rent holidays). Tenant reimbursement revenue, which is comprised of additional amounts recoverable from tenants for common area maintenance expenses and certain other recoverable expenses, is recognized as revenue in the period in which the related expenses are incurred. Tenant receivables, including straight-line rent receivables, are carried net of the allowances for uncollectible amounts. An allowance is maintained for estimated losses resulting from the inability of certain tenants to meet the contractual obligations under their leases. Our determination of the adequacy of these allowances requires judgment and is based primarily upon evaluations of historical loss experience, the tenant's financial condition, security deposits, letters of credit, lease guarantees, current economic conditions and other relevant factors. Our estimates may differ from actual results, which could significantly impact our consolidated financial statements.

Investments in Real Estate

We record the purchase price of completed business combinations to tangible and intangible assets and liabilities based on their respective fair values. Tangible assets primarily consist of land and buildings and improvements. Additionally, the purchase price is inclusive of above or below market leases, above or below market leasehold interests, in place leases, tenant relationships, above or below market debt assumed, interest rate swaps assumed and any contingent consideration. The determination of the fair value requires us to make certain estimates and

assumptions.

The fair value of the land and buildings and improvements is based upon our determination of the value of the property as if it were to be replaced or as if it were vacant using discounted cash flow models similar to those used by market participants. Factors considered by us include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases.

The value of in place leases is based on our evaluation of the specific characteristics of each tenant's lease. The factors considered include estimated lease-up periods, market rent and other market conditions.

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We analyze the acquired leases to determine whether the rental rates are above or below market. The value associated with above or below market leases is based upon the present value (using a discount rate which reflects the risks associated with the acquired leases) of the difference between (i) the contractual amounts to be received pursuant to the lease over its remaining term and (ii) our estimate of the amounts that would be received using fair market rates over the remaining term of the lease.

We analyze the acquired leasehold interests to determine whether the rental rates are above or below market. The value associated with above or below market leasehold interests is based upon the present value (using a discount rate which reflects the risks associated with the acquired leases) of the difference between (i) the contractual amounts to be paid pursuant to the lease over its remaining term and (ii) our estimate of the amounts that would be paid using fair market rates over the remaining term of the lease.

We record debt or interest rate swaps assumed at fair value. The amount of above or below market debt is determined based upon the present value of the difference between the cash flow stream of the assumed mortgage and the cash flow stream of a market rate mortgage. The value of interest rate swaps is based upon a discounted cash flow analysis on the expected cash flows, taking into account interest rate curves and the period to maturity.

We record contingent consideration at fair value as of the acquisition date and reassess the fair value as of the end of each reporting period, with any changes being recognized in earnings.

We are required to make certain estimates in order to determine the fair value of the tangible and intangible assets and liabilities acquired in a business investment. Our assumptions directly impact our results of operations, as amounts allocated to certain assets and liabilities have different depreciation and amortization lives. In addition, the amortization and depreciation of these assets and liabilities are recorded in different line items in our accompanying consolidated statements of operations.

Recoverability of Real Estate Investments

Real estate investments are evaluated for potential impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Impairment losses are recorded when indicators of impairment are present and the carrying amount of the asset is greater than the sum of future undiscounted cash flows expected to be generated by that asset over the remaining expected holding period. We would recognize an impairment loss when the carrying amount is not recoverable to the extent the carrying amount exceeds the fair value of the property. The fair value is generally based on discounted cash flow analyses. In performing the analysis we consider executed sales agreements or management’s best estimate of market comparables, future occupancy levels, rental rates, capitalization rates, lease-up periods and capital requirements.

Recently Issued or Adopted Accounting Pronouncements

See Note 2 - Summary of Significant Accounting Policies to our accompanying consolidated financial statements for a discussion of recently issued or adopted accounting pronouncements.

Factors Which May Influence Results of Operations

We are not aware of any material trends or uncertainties, other than national economic conditions affecting real estate generally and the risk factors previously listed in Part I, Item 1A - Risk Factors, that may reasonably be expected to have a material impact, favorable or unfavorable, on revenues or income from the investment, management and operation of our properties.

Rental Income

The amount of rental income generated by our properties depends principally on our ability to maintain the occupancy rates of currently leased space and to lease currently available space and space that will become available from unscheduled lease terminations at the then applicable rental rates. Negative trends in one or more of these factors could adversely affect our rental income in future periods.

Investment Activity

During the year ended December 31, 2015, we had investments with an aggregate purchase price of $280.9 million. During the year ended December 31, 2015, we completed dispositions of six MOBs for an aggregate gross sales price of $35.7 million. These dispositions totaled approximately 192,000 square feet of GLA and consisted of non-core buildings or buildings located outside our key markets. The amount of any future acquisitions or dispositions could have a significant impact on our results of operations in future periods.

During the year ended December 31, 2014, we had investments with an aggregate purchase price of $439.5 million. During the year ended December 31, 2014, we completed dispositions for an aggregate gross sales price of $82.9 million. These dispositions totaled approximately 396,000 square feet of GLA and consisted of non-core buildings or buildings located outside our key markets.

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Results of Operations

Comparison of the Years Ended December 31, 2015, 2014 and 2013

As of December 31, 2015, we owned and operated approximately 15.5 million square feet of GLA, with a 92.0% leased rate (includes leases which have been executed, but which have not yet commenced) and a 91.4% occupancy rate. As of December 31, 2014, we owned and operated approximately 14.8 million square feet of GLA, with a 92.0% leased rate (includes leases which have been executed, but which have not yet commenced) and a 91.4% occupancy rate. As of December 31, 2013, we owned and operated approximately 14.1 million square feet of GLA, with a 91.6% leased rate (includes leases which have been executed, but which have not yet commenced) and a 91.2% occupancy rate. All explanations are applicable to both HTA and HTALP unless otherwise noted.

Rental Income

For the years ended December 31, 2015, 2014 and 2013, rental income was comprised of the following (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Contractual rental income	$390,288	$357,704	$308,911
Straight-line rent and amortization of above/below market leases	8,120	7,692	6,418
Other operating revenue	5,145	4,175	3,714
Total	$403,553	$369,571	$319,043

Contractual rental income, which includes expense reimbursements, increased $32.6 million for the year ended December 31, 2015, compared to the year ended December 31, 2014. This increase was primarily due to $41.8 million of additional contractual rental income from our 2014 and 2015 acquisitions (including properties owned in both periods) and contractual rent increases, partially offset by a decrease in contractual rent as a result of the buildings we sold during 2014 and 2015. For the year ended December 31, 2015, we entered into new and renewal leases of approximately 1.0 million square feet of GLA. The new and renewal leases commenced at an average starting annual base rent of $23.07 per square foot of GLA. Expiring leases had an average ending annual base rent that was also $23.07 per square foot of GLA. Lease rates can vary between markets and rates that are considered above or below current market rent may change over time. Leases that expired in 2015 had rents that we believed were generally at market rates. Generally, leasing concessions vary depending on lease type and term. For the year ended December 31, 2015, new leases had tenant improvements, leasing commissions and tenant concessions of $25.66, $4.04 and $5.73 per square foot of GLA, respectively, compared to $19.51, $4.14 and $5.20 per square foot of GLA, respectively, for the year ended December 31, 2014. The average term for new leases executed was 7.4 years and 6.4 years for the years ended December 31, 2015 and 2014, respectively. Renewal leases had tenant improvements, leasing commissions and tenant concessions of $7.35, $1.27 and $1.74 per square foot of GLA, respectively, for the year ended December 31, 2015, compared to $2.44, $1.14 and $1.08 per square foot of GLA, respectively, for the year ended December 31, 2014. The average term for renewal leases executed was 5.7 years and 5.1 years for the years ended December 31, 2015 and 2014, respectively.

Contractual rental income, which includes expense reimbursements, increased $48.8 million for the year ended December 31, 2014, compared to the year ended December 31, 2013. This increase was primarily due to $44.4 million of additional contractual rental income from our 2013 and 2014 acquisitions and contractual rent increases, partially offset by a decrease in contractual rent as a result of the buildings we sold during 2014. For the year ended December 31, 2014, we entered into new and renewal leases of approximately 1.6 million square feet of GLA. The new and renewal leases commenced at an average starting annual base rent of $20.75 per square foot of GLA compared to an average ending annual base rent of $21.01 per square foot of GLA for expiring leases. Lease rates can vary between markets and rates that are considered above or below current market rent may change over time. Leases that expired in 2014 had rents that were generally at market rates. Generally, leasing concessions vary depending on lease type and term. For the year ended December 31, 2014, new leases had tenant improvements, leasing commissions and tenant concessions of $19.51, $4.14 and $5.20 per square foot of GLA, respectively, compared to $21.47, $5.43 and $3.63 per square foot of GLA, respectively, for the year ended December 31, 2013. The average term for new leases executed was 6.4 years and 6.7 years for the years ended December 31, 2014 and 2013, respectively. Renewal leases had tenant improvements, leasing commissions and tenant concessions of $2.44, $1.14 and $1.08 per square foot of

GLA, respectively, for the year ended December 31, 2014 compared to $4.35, $2.48 and $1.50, respectively, for the year ended December 31, 2013. The average term for renewal leases executed was 5.1 years and 7.9 years for the years ended December 31, 2014 and 2013, respectively.

Rental Expenses

For the years ended December 31, 2015, 2014 and 2013, rental expenses attributable to our properties were $123.4 million, $113.5 million and $97.3 million, respectively. The increase in rental expenses for the year ended December 31, 2015, compared to 2014, was primarily due to $16.5 million of additional rental expenses associated with our 2014 and 2015 acquisitions for, partially offset by improved operating efficiencies and a decrease in rental expenses as a result of the buildings we sold during 2014 and 2015. The increase in rental expenses for the year ended December 31, 2014, compared to 2013, was primarily due to $15.7 million of additional rental expenses associated with our 2013 and 2014 acquisitions, partially offset by improved operating efficiencies and a decrease in rental expenses as a result of the buildings we sold in 2014.

General and Administrative Expenses

For the years ended December 31, 2015, 2014 and 2013, general and administrative expenses were $25.6 million, $24.9 million and $24.4 million, respectively. General and administrative expenses include such costs as salaries, corporate overhead and professional fees, among other items.

Acquisition-Related Expenses

For the years ended December 31, 2015, 2014 and 2013, acquisition-related expenses were $4.6 million, $9.5 million and $7.5 million, respectively. The decrease in acquisition-related expenses for the year ended December 31, 2015, compared to 2014, was primarily due to lower closing costs incurred by us on our 2015 acquisitions. The increase in acquisition-related expenses for the year ended December 31, 2014, compared to 2013, was primarily due to increased acquisition activity during 2014.

Depreciation and Amortization Expense

For the years ended December 31, 2015, 2014 and 2013, depreciation and amortization expense was $154.1 million, $140.4 million and $121.6 million, respectively. These increases in depreciation and amortization expense from year to year were primarily due to the increase in the size of our portfolio.

Listing Expenses

For the year ended December 31, 2013, listing expenses were $4.4 million. Listing expenses primarily included professional fees and share-based compensation expense associated with the LTIP awards that were granted in connection with the listing and acceleration of certain equity awards upon the listing as discussed above in non-traded REIT expenses. As a result of the listing in June 2012, we did not incur any listing expenses subsequent to March 31, 2013.

Impairment Charge

During the year ended December 31, 2015, we recorded impairment charges of $2.6 million, which included $1.7 million that related to a MOB we disposed of during 2015 as a result of a recently solicited offer and $0.9 million that related to another MOB in our portfolio. We did not record any impairment charges in 2014 and 2013.

Interest Expense and Net Change in Fair Value of Derivative Financial Instruments

Interest expense excluding the impact of the net change in fair value of derivative financial instruments increased by $0.6 million during the year ended December 31, 2015, compared to 2014. This increase was primarily due to the issuance of $300.0 million of unsecured senior notes in June 2014, partially offset by the change in our debt composition from the payoff of fixed rate mortgage loans using our variable rate unsecured revolving credit facility which has a lower interest rate. During the year ended December 31, 2015, the fair market value of our derivatives decreased $0.8 million, compared to a net decrease of $2.9 million during the year ended December 31, 2014.

Interest expense excluding the impact of the net change in fair value of derivative financial instruments increased by $5.1 million during the year ended December 31, 2014, compared to 2013. The increase was primarily due to the issuance of $300.0 million of unsecured senior notes in June 2014, partially offset by the decreased interest rate on our Unsecured Credit Agreement as a result of the amendments executed during 2014. During the year ended December 31, 2014, the fair market value of our derivatives decreased $2.9 million, compared to a net increase of $10.8 million during the year ended December 31, 2013.

To achieve our objectives, we borrow at both fixed and variable rates. We also enter into derivative financial instruments, such as interest rate swaps, in order to mitigate our interest rate risk on a related financial instrument. We do not enter into derivative or interest rate transactions for speculative purposes. Derivatives not designated as hedges

are not speculative and are used to manage our exposure to interest rate movements.

Gain on Sales of Real Estate

For the year ended December 31, 2015, we realized a gain of $0.2 million from the disposition of six MOBs. For the year ended December 31, 2014, we realized gains of $27.9 million from the disposition of three portfolios of MOBs. We did not sell any properties during the year ended December 31, 2013.

Gain or Loss on Extinguishment of Debt

For the year ended December 31, 2015, we realized a gain on extinguishment of debt of $0.1 million. For the year ended December 31, 2014, we realized a loss on extinguishment of debt of $4.7 million. There were no early retirements of debt during the year ended December 31, 2013.

Other Income and Expense

For the year ended December 31, 2015, we had other expense of $1.4 million. For the years ended December 31, 2014 and 2013, we had other income of $49,000 and $42,000, respectively. The net decrease for the year ended December 31, 2015, compared to 2014, was primarily due to the acceleration of management fees paid in connection with an acquisition-related management agreement that was entered into upon the date of acquisition.

NOI and Same-Property Cash NOI

NOI increased $22.4 million to $280.4 million for the year ended December 31, 2015, compared to the year ended December 31, 2014. This increase was primarily due to $28.9 million of additional NOI from our 2014 and 2015 acquisitions, partially offset by a decrease in NOI as a result of the buildings we sold during 2014 and 2015, a reduction of interest income from the real estate notes receivable paid off by the borrowers during 2014 and a reduction in straight-line rent. NOI increased $33.7 million to $258.0 million for the year ended December 31, 2014, compared to the year ended December 31, 2013. This increase was primarily due to $31.8 million of additional NOI from our 2013 and 2014 acquisitions, partially offset by a decrease in NOI as a result of the buildings we sold during 2014.

Same-Property Cash NOI increased $6.2 million to $224.0 million for the year ended December 31, 2015, compared to the year ended December 31, 2014. Same-Property Cash NOI increased $6.0 million to $206.0 million for the year ended December 31, 2014, compared to the year ended December 31, 2013. The increases were primarily the result of rent escalations, an increase in average occupancy and improved operating efficiencies.

Non-GAAP Financial Measures

FFO and Normalized FFO

We compute FFO in accordance with the current standards established by the National Association of Real Estate Investment Trusts (“NAREIT”). NAREIT defines FFO as net income or loss attributable to common stockholders/unitholders (computed in accordance with GAAP), excluding gains or losses from the sales of real estate property and impairment write-downs of depreciable assets, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. We present this non-GAAP financial measure because we consider it an important supplemental measure of our operating performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs. Historical cost accounting assumes that the value of real estate assets diminishes ratably over time. Since real asset values have historically risen or fallen based on market conditions, many industry investors have considered the presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. Because FFO excludes depreciation and amortization unique to real estate, among other items, it provides a perspective not immediately apparent from net income or loss attributable to common stockholders/unitholders.

Our methodology for calculating FFO may be different from methods utilized by other REITs and, accordingly, may not be comparable to such other REITs. FFO should not be considered as an alternative to net income or loss attributable to common stockholders/unitholders (computed in accordance with GAAP) as an indicator of our financial performance, nor is it indicative of cash available to fund cash needs. FFO should be reviewed in connection with other GAAP measurements.

We also compute Normalized FFO, which excludes from FFO: (i) acquisition-related expenses; (ii) listing expenses; (iii) gain or loss on change in fair value of derivative financial instruments; (iv) gain or loss on extinguishment of debt; (v) noncontrolling income or loss from partnership units included in diluted shares (only applicable to HTA); and (vi) other normalizing items. We present this non-GAAP financial measure because it allows for the comparison of our operating performance to other REITs and between periods on a consistent basis. Our methodology for calculating Normalized FFO may be different from the methods utilized by other REITs and, accordingly, may not be comparable to other REITs. Normalized FFO should not be considered as an alternative to net income or loss attributable to common stockholders/unitholders (computed in accordance with GAAP) as an indicator of our

financial performance, nor is it indicative of cash available to fund cash needs. Normalized FFO should be reviewed in connection with other GAAP measurements.

The amounts included in the calculation of FFO and Normalized FFO are generally the same for HTALP and HTA, except for net income or loss attributable to common stockholders/unitholders, noncontrolling income or loss from partnership units included in diluted shares (only applicable to HTA) and the weighted average shares of HTA common stock or HTALP partnership units outstanding.

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The following is the reconciliation of HTA's FFO and Normalized FFO to net income attributable to common stockholders for the years ended December 31, 2015, 2014 and 2013 (in thousands, except per share data):

	Year Ended December 31,		
	2015	2014	2013
Net income attributable to common stockholders	$32,931	$45,371	$24,261
Depreciation and amortization expense	152,846	140,269	121,647
Gain on sales of real estate, net	(152)	(27,894)	—
Impairment	2,581	—	—
FFO attributable to common stockholders	$188,206	$157,746	$145,908
Acquisition-related expenses	4,555	9,545	7,523
Listing expenses	—	—	4,405
Loss (gain) on change in fair value of derivative financial instruments, net	769	2,870	(10,796)
(Gain) loss on extinguishment of debt, net	(123)	4,663	—
Noncontrolling income from partnership units included in diluted shares	514	490	371
Other normalizing items, net [(1)(2)]	1,999	1,325	423
Normalized FFO attributable to common stockholders	$195,920	$176,639	$147,834
Net income attributable to common stockholders per diluted share [(3)]	$0.26	$0.37	$0.21
FFO adjustments per diluted share, net [(3)]	1.21	0.93	1.06
FFO attributable to common stockholders per diluted share [(3)]	$1.47	$1.30	$1.27
Normalized FFO adjustments per diluted share, net [(3)]	0.06	0.16	0.02
Normalized FFO attributable to common stockholders per diluted share [(3)]	$1.53	$1.46	$1.29
Weighted average diluted common shares outstanding [(3)]	128,004	121,168	114,970

(1) For the year ended December 31, 2014, other normalizing items primarily include the write-off of deferred financing costs related to refinancing our Unsecured Credit Agreement.
(2) For the year ended December 31, 2015, other normalizing items primarily include the acceleration of management fees paid in connection with an acquisition-related management agreement that was entered into at the time of acquisition for our Florida portfolio that was acquired in December 2013.
(3) For the year ended December 31, 2013, amounts have been adjusted retroactively to reflect the Reverse Stock Split effected on December 15, 2014.

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The following is the reconciliation of HTALP's FFO and Normalized FFO to net income attributable to common unitholders for the years ended December 31, 2015, 2014 and 2013 (in thousands, except per unit data):

	Year Ended December 31,		
	2015	2014	2013
Net income attributable to common unitholders	$33,445	$45,861	$24,633
Depreciation and amortization expense	152,846	140,269	121,647
Gain on sales of real estate, net	(152)	(27,894)	—
Impairment	2,581	—	—
FFO attributable to common unitholders	$188,720	$158,236	$146,280
Acquisition-related expenses	4,555	9,545	7,523
Listing expenses	—	—	4,405
Loss (gain) on change in fair value of derivative financial instruments, net	769	2,870	(10,796)
(Gain) loss on extinguishment of debt, net	(123)	4,663	—
Other normalizing items, net (1)(2)	1,999	1,325	423
Normalized FFO attributable to common unitholders	$195,920	$176,639	$147,835
Net income attributable to common unitholders per diluted unit (3)	$0.26	$0.38	$0.21
FFO adjustments per diluted unit, net (3)	1.21	0.92	1.06
FFO attributable to common unitholders per diluted unit (3)	$1.47	$1.30	$1.27
Normalized FFO adjustments per diluted unit, net (3)	0.06	0.16	0.01
Normalized FFO attributable to common unitholders per diluted unit (3)	$1.53	$1.46	$1.28
Weighted average diluted common units outstanding (3)	128,079	121,340	115,565

(1) For the year ended December 31, 2014, other normalizing items primarily include the write-off of deferred financing costs related to refinancing our Unsecured Credit Agreement.
(2) For the year ended December 31, 2015, other normalizing items primarily include the acceleration of management fees paid in connection with an acquisition-related management agreement that was entered into at the time of acquisition for our Florida portfolio that was acquired in December 2013.
(3) For the year ended December 31, 2013, amounts have been adjusted retroactively to reflect the Reverse Stock Split effected on December 15, 2014.

NOI, Cash NOI and Same-Property Cash NOI

NOI is a non-GAAP financial measure that is defined as net income or loss (computed in accordance with GAAP) before: (i) general and administrative expenses; (ii) acquisition-related expenses; (iii) depreciation and amortization expense; (iv) listing expenses; (v) impairment; (vi) interest expense and net change in fair value of derivative financial instruments; (vii) gain or loss on sales of real estate; (viii) gain or loss on extinguishment of debt; and (ix) other income or expense. We believe that NOI provides an accurate measure of the operating performance of our operating assets because NOI excludes certain items that are not associated with the management of our properties. Additionally, we believe that NOI is a widely accepted measure of comparative operating performance of REITs. However, our use of the term NOI may not be comparable to that of other REITs as they may have different methodologies for computing this amount. NOI should not be considered as an alternative to net income or loss (computed in accordance with GAAP) as an indicator of our financial performance. NOI should be reviewed in connection with other GAAP measurements.

Cash NOI is a non-GAAP financial measure which excludes from NOI: (i) straight-line rent adjustments; (ii) amortization of below and above market leases/leasehold interests; and (iii) lease termination fees. We believe that Cash NOI provides another measurement of the operating performance of our operating assets. Additionally, we believe that Cash NOI is a widely accepted measure of comparative operating performance of REITs. However, our use of the term Cash NOI may not be comparable to that of other REITs as they may have different methodologies for

computing this amount. Cash NOI should not be considered as an alternative to net income or loss (computed in accordance with GAAP) as an indicator of our financial performance. Cash NOI should be reviewed in connection with other GAAP measurements.
To facilitate the comparison of Cash NOI between periods, we calculate comparable amounts for a subset of our owned properties referred to as “Same-Property”. Same-Property Cash NOI excludes properties which have not been owned and operated during the entire span of all periods presented or are intended to be sold in the near term, notes receivable interest income and certain non-routine items. Same-Property Cash NOI should not be considered as an alternative to net income or loss (computed in accordance with GAAP) as an indicator of our financial performance. Same-Property Cash NOI should be reviewed in connection with other GAAP measurements.

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The following is the reconciliation of HTA's and HTALP's NOI and Cash NOI to net income for the years ended December 31, 2015, 2014 and 2013 (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Net income	$33,557	$45,994	$24,684
General and administrative expenses	25,578	24,947	24,448
Acquisition-related expenses	4,555	9,545	7,523
Depreciation and amortization expense	154,134	140,432	121,647
Listing expenses	—	—	4,405
Impairment	2,581	—	—
Interest expense and net change in fair value of derivative financial instruments	58,876	60,359	41,620
Gain on sales of real estate, net	(152)	(27,894)	—
(Gain) loss on extinguishment of debt, net	(123)	4,663	—
Other income	1,426	(49)	(42)
NOI	$280,432	$257,997	$224,285
Straight-line rent adjustments, net	(6,917)	(8,106)	(6,553)
Amortization of below and above market leases/leasehold interests, net	2,350	2,553	2,118
Lease termination fees	(33)	(48)	(36)
Cash NOI	$275,832	$252,396	$219,814

The following is the reconciliation of HTA's and HTALP's Same-Property Cash NOI to Cash NOI for the years ended December 31, 2015 and 2014 (in thousands):

	Year Ended December 31,	
	2015	2014
Cash NOI	$275,832	$252,396
Notes receivable interest income	—	(1,563)
Non Same-Property Cash NOI	(51,839)	(33,049)
Same-Property Cash NOI (1)	$223,993	$217,784

(1) Same-Property includes 257 buildings for the years ended December 31, 2015 and 2014.

The following is the reconciliation of HTA's and HTALP's Same-Property Cash NOI to Cash NOI for the years ended December 31, 2014 and 2013 (in thousands):

	Year Ended December 31,	
	2014	2013
Cash NOI	$252,396	$219,814
Notes receivable interest income	(1,563)	(2,267)
Non Same-Property Cash NOI	(44,797)	(17,550)
Same-Property Cash NOI (1)	$206,036	$199,997

(1) Same-Property includes 256 buildings for the years ended December 31, 2014 and 2013.

Liquidity and Capital Resources

Our primary sources of cash include: (i) cash flow from operations; (ii) borrowings under our unsecured revolving credit facility; (iii) net proceeds from the issuances of debt and equity securities; and (iv) proceeds from the dispositions of non-core buildings or buildings located outside our key markets. During the next 12 months our primary uses of cash are expected to include: (i) the funding of acquisitions of MOBs and other facilities that serve the healthcare industry; (ii) capital expenditures; (iii) the payment of operating expenses; (iv) debt service payments including principal payments; and (v) the payment of dividends to our stockholders. We anticipate cash flow from operations, restricted cash and reserve accounts and our unsecured revolving credit facility, if needed, will be sufficient to fund our operating expenses, capital expenditures and dividends to stockholders. Investments and

maturing indebtedness may require funds from the issuance of debt and/or equity securities or proceeds from sales of real estate.

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As of December 31, 2015, we had liquidity of $639.6 million, including $626.5 million available on our unsecured revolving credit facility (includes the impact of $5.5 million of outstanding letters of credit) and $13.1 million of cash and cash equivalents.

During the year ended December 31, 2015, HTA issued and sold 1,800,000 shares of common stock, at an average price of $25.00 per share. In addition, we had unencumbered properties with a gross book value of $2.9 billion. The unencumbered properties may be used as collateral to secure additional financings in future periods or refinance our current debt as it becomes due. Our ability to raise funds from future debt and equity issuances is dependent on our investment grade credit ratings, general economic and market conditions and our operating performance.

When we acquire a property, we prepare a capital plan that contemplates the estimated capital needs of that investment. In addition to operating expenses, capital needs may also include costs of refurbishment, tenant improvements or other major capital expenditures. The capital plan for each investment will be adjusted through ongoing, regular reviews of our portfolio or as necessary to respond to unanticipated additional capital needs. As of December 31, 2015, we estimate that our expenditures for capital improvements for 2016 will range from $20 million to $30 million depending on leasing activity. As of December 31, 2015, we had $9.9 million of restricted cash and reserve accounts for such capital expenditures. We cannot provide assurance, however, that we will not exceed these estimated expenditure levels.

If we experience lower occupancy levels, reduced rental rates, reduced revenues as a result of asset sales, or increased capital expenditures and leasing costs compared to historical levels due to competitive market conditions for new and renewal leases, the effect would be a reduction of net cash provided by operating activities. If such a reduction of net cash provided by operating activities is realized, we may have a cash flow deficit in subsequent periods. Our estimate of net cash available is based on various assumptions which are difficult to predict, including the levels of our leasing activity and related leasing costs. Any changes in these assumptions could impact our financial results and our ability to fund working capital and unanticipated cash needs.

Cash Flows

The following is a summary of our cash flows for the years ended December 31, 2015 and 2014 (in thousands):

	Year Ended December 31,		
	2015	2014	Change
Cash and cash equivalents - beginning of year	$10,413	$18,081	$(7,668)
Net cash provided by operating activities	191,095	168,499	22,596
Net cash used in investing activities	(269,264)	(259,702)	(9,562)
Net cash provided by financing activities	80,826	83,535	(2,709)
Cash and cash equivalents - end of year	$13,070	$10,413	$2,657

Net cash provided by operating activities increased in 2015 primarily due to the impact of our 2014 and 2015 acquisitions, contractual rent increases and improved operating efficiencies, partially offset by our 2014 and 2015 dispositions. We anticipate cash flows from operating activities to increase as a result of the above items and continued leasing activity in our existing portfolio.

For the year ended December 31, 2015, net cash used in investing activities primarily related to the investment in real estate of $279.3 million and capital expenditures of $29.3 million, partially offset by the proceeds from the sale of real estate of $34.6 million. For the year ended December 31, 2014, net cash used in investing activities primarily related to the investment in real estate of $307.3 million (excludes assumption of secured mortgage debt) and capital expenditures of $29.0 million, partially offset by proceeds from the sale of real estate of $78.9 million and proceeds from the collection of real estate notes receivable of $28.5 million. We anticipate cash flows used in investing activities to increase as we continue to acquire more properties.

For the year ended December 31, 2015, net cash provided by financing activities primarily related to net borrowings of $282.0 million on our Unsecured Credit Agreement and the net proceeds of shares of common stock issued of $44.3 million, partially offset by dividends to holders of our common stock of $146.4 million and payments on our mortgage loans of $94.9 million. For the year ended December 31, 2014, net cash provided by financing activities primarily related to net proceeds from the issuance of unsecured senior notes of $297.6 million and net proceeds of shares of common stock issued of $152.0 million, partially offset by dividends to holders of our common stock of

$137.2 million, payments on our mortgage and term loans of $192.2 million and net payments on our unsecured revolving credit facility of $19.0 million.

Dividends

The amount of dividends HTA pays to its stockholders is determined by its Board of Directors, in its sole discretion, and is dependent on a number of factors, including funds available, our financial condition, capital expenditure requirements and annual dividend distribution requirements needed to maintain our status as a REIT under the Internal Revenue Code of 1986, as amended. HTA has paid monthly or quarterly dividends since February 2007, and if our investments produce sufficient cash flow, we expect to continue to pay dividends to our stockholders. Because our cash available for dividend distributions in any year may be less than 90% of our taxable income for the year, we may obtain the necessary funds through borrowings, issuing new securities or selling assets to pay out enough of our taxable income to satisfy our dividend distribution requirement. HTA's organizational documents do not establish a limit on dividends that may constitute a return of capital for federal income tax purposes. The dividend HTA pays to its stockholders is equal to the distributions received from HTALP in accordance with the terms of HTALP's partnership agreement. It is HTA's intention to continue to pay dividends. However, HTA's Board of Directors may reduce our dividend rate and HTA cannot guarantee the timing and amount of dividends that it may pay in the future, if any.

For the year ended December 31, 2015, HTA paid cash dividends of $146.4 million. In January 2016, HTA paid cash dividends of $37.5 million for the quarter ended December 31, 2015. On February 18, 2016, HTA declared a quarterly cash dividend of $0.295 per share to be paid on April 8, 2016 to stockholders of record on April 1, 2016.

Financing

We have historically maintained a low leveraged balance sheet and intend to continue to maintain this structure over the long run. However, our total leverage may fluctuate on a short term basis as we execute our business strategy. As of December 31, 2015, our leverage ratio of debt to capitalization was 31.4%.

As of December 31, 2015, we had debt outstanding of $1.6 billion and the weighted average interest rate was 3.30% per annum, inclusive of the impact of our interest rate swaps. The following is a summary of our unsecured and secured debt. See Note 7 - Debt to our accompanying consolidated financial statements for a further discussion of our debt.

Unsecured Revolving Credit Facility

As of December 31, 2015, $626.5 million was available on our unsecured revolving credit facility. Our unsecured revolving credit facility matures in January 2020. In February 2015, we executed an amendment to the Unsecured Credit Agreement which added an additional lender and increased the amount available under the unsecured revolving credit facility by $50.0 million to total of $850.0 million. The other existing terms of the Unsecured Credit Agreement were unchanged.

Unsecured Term Loans

As of December 31, 2015, we had $455.0 million of unsecured term loans outstanding comprised of a $300.0 million term loan under our Unsecured Credit Agreement and a $155.0 million term loan, both maturing in 2019. During the year ended December 31, 2015, we borrowed $100.0 million on our term loan under our Unsecured Credit Agreement. The $300.0 million term loan includes a one-year extension exercisable at the option of the borrower, subject to certain conditions.

Unsecured Senior Notes

As of December 31, 2015, we had $300.0 million of unsecured senior notes that mature in July 2021 and $300.0 million of unsecured senior notes that mature in April 2023.

Mortgage Loans

During the year ended December 31, 2015, we made payments of $94.9 million on our mortgage loans and have $52.8 million of principal payments due in 2016.

Commitments and Contingencies

See Note 9 - Commitments and Contingencies to our accompanying consolidated financial statements for a further discussion of our commitments and contingencies.

Debt Service Requirements

We are required by the terms of our applicable loan agreements to meet certain financial covenants, such as minimum net worth and liquidity, and reporting requirements, among others. As of December 31, 2015, we believe that we were

in compliance with all such covenants and we are not aware of any covenants that it is reasonably likely that we would not be able to meet.

Contractual Obligations

The table below presents our obligations and commitments to make future payments under our debt obligations and lease agreements as of December 31, 2015 (in thousands):

	Payment Due by Period				
	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
Debt (1)	$52,774	$131,055	$731,185	$685,004	$1,600,018
Interest (2)	51,829	99,713	67,259	45,676	264,477
Ground lease and other operating lease obligations	6,006	12,275	12,500	498,464	529,245
Total	$110,609	$243,043	$810,944	$1,229,144	$2,393,740

(1) The table does not reflect the one year extension on $300.0 million of our debt that matures in 2019 subject to certain conditions.

(2) Interest on variable rate debt is calculated using the forward rates in effect at December 31, 2015 and excludes the impact of our interest rate swaps.

Off-Balance Sheet Arrangements

As of and during the year ended December 31, 2015, we had no off-balance sheet arrangements.

Inflation

We are exposed to inflation risk as income from future long-term leases is the primary source of our cash flows from operations. There are provisions in the majority of our tenant leases that protect us from the impact of normal inflation. These provisions include rent escalations, reimbursement billings for operating expense pass-through charges and real estate tax and insurance reimbursements on a per square foot allowance. However, due to the long-term nature of our leases, among other factors, the leases may not reset frequently enough to cover inflation.

Federal Income Tax Changes and Updates for Incorporation in Existing Registration Statements

The following discussion supplements and updates the disclosures under “Material U.S. Federal Income Tax Considerations” in the prospectus dated February 27, 2015 contained in our Registration Statement on Form S-3 filed with the SEC on February 27, 2015 (the “Prospectus”), and in our other registration statements into which this Annual Report on Form 10-K is incorporated by reference.

Taxation of Our Company

As discussed in the Prospectus under “Material U.S. Federal Income Tax Considerations - Taxation of Our Company” and “Material U.S. Federal Income Tax Considerations - Investments in TRSs,” even if we qualify for taxation as a REIT, we will be subject to U.S. federal income tax in certain circumstances. Among those circumstances, we will be subject to a 100% tax on the amounts of any rents from real property, deductions, or excess interest received from a taxable REIT subsidiary (a “TRS”) that would be reduced under the Code, in order to clearly reflect the income of the TRS or to the extent that such interest payments are in excess of a rate that is commercially reasonable. Pursuant to the Protecting Americans from Tax Hikes Act of 2015, which was signed into law on December 18, 2015 (the “Act”) and effective for taxable years beginning after December 31, 2015, we will also be subject to a 100% tax on certain income (net of certain deductions) imputed to a TRS, as a result of redetermining or reallocating income among related or commonly controlled entities.

Qualification as a REIT

Income Tests

Gain from the Sale of Real Estate Assets. As discussed in the Prospectus under “Material U.S. Federal Income Tax Considerations - Qualification as a REIT - Income Tests,” we must satisfy two gross income requirements annually to maintain our qualification as a REIT. Qualifying income for purposes of the 95% gross income test described therein generally includes the items identified in the second bullet point under “Income Tests”; however, effective for taxable years beginning after December 31, 2015, gain from the sale of “real estate assets” also includes gain from the sale of a debt instrument issued by a “publicly offered REIT” (i.e., a REIT that is required to file annual and periodic reports with

the SEC under the Exchange Act) even if not secured by real property or an interest in real property. However, for purposes of the 75% income test, gain from the sale of a debt instrument issued by a publicly offered REIT would not be treated as qualifying income to the extent such debt instrument would not be a real estate asset but for the inclusion of debt instruments of publicly offered REITs in the meaning of real estate assets effective for taxable years beginning after December 31, 2015, as described below under “Asset Tests - Qualifying Assets.”

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Investments in Certain Debt Instruments. As discussed in the Prospectus under "Material U.S. Federal Income Tax Considerations - Investments in Certain Debt Instruments," interest income generally constitutes qualifying mortgage interest for purposes of the 75% gross income test to the extent that the obligation upon which such interest is paid is secured by a mortgage on real property or an interest in real property. Except as provided in the following sentence, if we receive interest income with respect to a mortgage loan that is secured by both real and other property, and the highest principal amount of the loan outstanding during a taxable year exceeds the fair market value of the real property on the date that we committed to acquire the loan, or agreed to modify the loan in a manner that is treated as an acquisition of a new loan for U.S. federal income tax purposes, the interest income will be apportioned between the real property and the other collateral, and our income from the arrangement will qualify for purposes of the 75% gross income requirement only to the extent that the interest is allocable to the real property. For taxable years beginning after December 31, 2015, in the case of mortgage loans secured by both real and personal property, if the fair market value of such personal property does not exceed 15% of the total fair market value of all property securing the loan, then the personal property securing the loan will be treated as real property for purposes of determining whether the mortgage is qualifying under the 75% asset requirement and the interest income from such loan qualifies for purposes of the 75% gross income requirement.

Hedging Transactions. The discussion in the Prospectus under "Material U.S. Federal Income Tax Considerations - Qualification as a REIT - Income Tests - Hedging transactions" is replaced in its entirety with the following:

We may enter into hedging transactions with respect to one or more of our assets or liabilities. Hedging transactions could take a variety of forms, including interest rate swaps or cap agreements, options, futures contracts, forward rate agreements or similar financial instruments. Except to the extent as may be provided by future Treasury Regulations, any income from a hedging transaction which is clearly identified as such before the close of the day on which it was acquired, originated or entered into, including gain from the disposition or termination of such a transaction, will not constitute gross income for purposes of the 95% and 75% gross income tests, provided that the hedging transaction is entered into (i) in the normal course of our business primarily to manage risk of interest rate or price changes or currency fluctuations with respect to indebtedness incurred or to be incurred by us to acquire or carry real estate assets or (ii) primarily to manage the risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% income tests (or any property which generates such income or gain). Effective for taxable years beginning after December 31, 2015, if we have entered into a qualifying hedge described above with respect to certain indebtedness or property, or the Original Hedge, and a portion of the hedged indebtedness is extinguished or property hedged is disposed of and in connection with such extinguishment or disposition we enter into one or more clearly identified hedging transactions that would, in general, hedge the Original Hedge, or the Counteracting Hedge, income from the applicable Original Hedge and income from the Counteracting Hedge (including gain from the disposition of the Original Hedge or the Counteracting Hedge) will not be treated as gross income for purposes of the 95% and 75% gross income tests to the extent that the Counteracting Hedge hedges the Original Hedge.

To the extent we enter into other types of hedging transactions, the income from those transactions is likely to be treated as nonqualifying income for purposes of both the 75% and 95% gross income tests. We intend to structure and monitor our hedging transactions so that such transactions do not jeopardize our ability to qualify as a REIT.

Asset Tests

Qualifying Assets. As discussed in the Prospectus under "Material U.S. Federal Income Tax Considerations - Qualification as a REIT - Asset Tests," to maintain our qualification as a REIT, we also must satisfy several asset tests at the end of each quarter of each taxable year. Under the first test described in the Prospectus, at least 75% of the value of our total assets must consist of the qualifying assets described in the Prospectus. In addition to those items described in the Prospectus, pursuant to the Act, effective for taxable years beginning after December 31, 2015, qualifying assets for purposes of the 75% asset test includes: (i) personal property leased in connection with real property to the extent that rents attributable to such personal property are treated as "rents from real property" for purposes of the 75% gross income test and (ii) debt instruments issued by "publicly offered REITs." However, the Act further provides an additional test, effective for taxable years beginning after December 31, 2015, under which not more than 25% of the value of our total assets may be represented by debt instruments issued by publicly offered

REITs to the extent those debt instruments would not be real estate assets but for the inclusion of debt instruments of publicly offered REITs in the meaning of real estate assets effective for taxable years beginning after December 31, 2015, as described above.

Securities of TRSs. In addition, the fourth test described in the Prospectus under “Material U.S. Federal Income Tax Considerations - Qualification as a REIT - Asset Tests,” that securities of TRSs cannot represent more than 25% of our total assets, has been modified by the Act such that, for taxable years beginning after December 31, 2017, securities of TRSs cannot represent more than 20% of our total assets.

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Annual Distribution Requirements

Preferential Dividends. The Prospectus discusses our distribution requirements under the caption "Material U.S. Federal Income Tax Considerations - Qualification as a REIT - Annual Distribution Requirements." The prohibition against "preferential dividends" described in that section is applicable for distributions in taxable years beginning on or before December 31, 2014. For all subsequent taxable years, so long as we continue to be a "publicly offered REIT," the preferential dividend rule will not apply.

Taxation of U.S. Stockholders

Distributions. The Prospectus discusses the taxation of U.S. stockholders on distributions with respect to "qualified dividend income" and "capital gain dividends" under the caption "Material U.S. Federal Income Tax Considerations - Taxation of U.S. Stockholders - Distributions." In addition to the discussion contained therein, effective for distributions in taxable years beginning after December 31, 2015, the aggregate amount of dividends that we may designate as "capital gain dividends" or "qualified dividend income" with respect to any taxable year may not exceed the dividends paid by us with respect to such year, including dividends that are paid in the following year that are treated as paid with respect to such year.

Taxation of Non-U.S. Stockholders

Distributions

FIRPTA Ownership Exemptions. The Prospectus discusses the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA") exemption with respect to non-U.S. stockholders that own no more than 5% of our Class A common stock during the specified period on distributions attributable to gain from sales or exchanges by us of "United States real property interests" under the caption "Material U.S. Federal Income Tax Considerations - Taxation of Non-U.S. Stockholders - Distributions." This FIRPTA exemption limit on distributions on publicly-traded REIT stock has been increased from ownership of more than 5% of such stock to ownership of more than 10% of such stock for distributions on or after December 18, 2015. In addition, the Prospectus notes that we may be required to withhold 10% of any distribution that exceeds our current and accumulated earnings and profits. This 10% withholding requirement was increased to 15% under the Act for distributions after February 16, 2016. Consequently, although we intend to withhold at a rate of 30% on the entire amount of any relevant distribution, to the extent we do not do so, we may withhold at a rate of 15% on any portion of a distribution not subject to withholding at a rate of 30%.

Distributions to Qualified Shareholders. In addition, the discussion in the Prospectus is further supplemented by inserting the paragraphs below at the end of the subsection with the heading "Material U.S. Federal Income Tax Considerations - Taxation of Non-U.S. Stockholders - Distributions."

Distributions to Qualified Shareholders. Subject to the exception discussed below, for purposes of any distribution on or after December 18, 2015 to a "qualified shareholder" who holds REIT stock directly (or indirectly through one or more partnerships), such REIT stock will not be treated as a "United States real property interest" and, thus, such distribution should not be subject to special rules under FIRPTA. However, a "qualified shareholder" with one or more "applicable investors" (i.e., persons other than "qualified shareholders" who hold interests in the "qualified shareholder" (other than interests solely as a creditor), and hold (or are deemed to hold under attribution rules) more than 10% of the stock of such REIT (whether or not by reason of the investor's ownership in the "qualified shareholder")), as well as such applicable investors, may be subject to FIRPTA rules.

A "qualified shareholder" is a foreign person that (i) either is eligible for the benefits of a comprehensive income tax treaty with the United States which includes an exchange of information program and whose principal class of interests is listed and regularly traded on one or more recognized stock exchanges (as defined in such comprehensive income tax treaty), or is a foreign partnership that is created or organized under foreign law as a limited partnership in a jurisdiction that has an agreement for the exchange of information with respect to taxes with the United States and has a class of limited partnership units that is regularly traded on the NYSE or NASDAQ markets representing greater than 50% of the value of all the partnership units, (ii) is a qualified collective investment vehicle (defined below), and (iii) maintains records on the identity of each person who, at any time during the foreign person's taxable year, is the direct owner of 5% or more of the class of interests or units (as applicable) described in (i), above.

A qualified collective investment vehicle is a foreign person that (i) would be eligible for a reduced rate of withholding with respect to ordinary dividends paid by a REIT under the comprehensive income tax treaty described

above, even if such entity holds more than 10% of the stock of such REIT, (ii) is publicly traded, is treated as a partnership under the Code, is a withholding foreign partnership, and would be treated as a "United States real property holding corporation" during a specified period if it were a domestic corporation, or (iii) is designated as such by the Secretary of the Treasury and is either (a) fiscally transparent within the meaning of Section 894 of the Code, or (b) required to include dividends in its gross income, but is entitled to a deduction for distributions to its investors.

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Qualified Foreign Pension Funds. With respect to any distribution after December 18, 2015 to a "qualified foreign pension fund" or an entity all of the interests of which are held by a "qualified foreign pension fund" who holds REIT stock directly (or indirectly through one or more partnerships), such distribution will not be subject to special rules under FIRPTA.

A qualified foreign pension fund is any trust, corporation, or other organization or arrangement (i) which is created or organized under the law of a country other than the United States, (ii) which is established to provide retirement or pension benefits to participants or beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, (iii) which does not have a single participant or beneficiary with a right to more than 5% of its assets or income, (iv) which is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the country in which it is established or operates, and (v) with respect to which, under the laws of the country in which it is established or operates, (A) contributions to such trust, corporation, organization or arrangement that would otherwise be subject to tax under such laws are deductible or excluded from the gross income of such entity or taxed at a reduced rate, or (B) taxation of any investment income of such trust, corporation, organization or arrangement is deferred or such income is taxed at a reduced rate.

The provisions of the Act relating to qualified shareholders, applicable investors, and qualified foreign pension funds are complex. Stockholders should consult their tax advisors with respect to the impact of the Act on them.

Dispositions

In addition, the discussion in the Prospectus is further supplemented by inserting the paragraphs below at the end of the subsection with the heading "Material U.S. Federal Income Tax Considerations - Taxation of Non-U.S. Stockholders - Dispositions."

Qualified Shareholders and Qualified Pension Funds. After December 18, 2015, a sale of our Class A common stock by:

- a "qualified shareholder" without one or more applicable investors or
- a "qualified pension fund"

who holds such Class A common stock directly (or indirectly through one or more partnerships) will not be subject to U.S. federal income taxation under FIRPTA. A "qualified shareholder" with one or more applicable investors may be subject to such rules.

The provisions of the Act relating to qualified shareholders, applicable investors and qualified foreign pension funds are complex. Stockholders should consult their tax advisors with respect to the impact of the Act on them.

FATCA Withholding

The discussion in the Prospectus under "Material U.S. Federal Income Tax Considerations - FATCA Withholding" is replaced in its entirety with the following:

Sections 1471 through 1474 of the Code and the Treasury regulations promulgated thereunder (commonly referred to as "FATCA") generally impose a 30% withholding tax on U.S. source dividends and, beginning January 1, 2019, gross proceeds from the sale or other disposition of stock or property that is capable of producing U.S. source dividends paid to (i) a foreign financial institution (as defined in Section 1471(d)(4) of the Code) unless such foreign financial institution agrees, pursuant to an agreement with the U.S. Treasury Department or otherwise, to collect and disclose certain information regarding its direct and indirect U.S. owners (which, for this purpose, can include certain debt and equity holders of such foreign financial institution as well as the direct and indirect owners of financial accounts maintained by such institution) and satisfies certain other requirements, and (ii) certain other non-U.S. entities unless such entities provide the payor with information regarding certain direct and indirect U.S. owners of the entity, or certify that they have no such U.S. owners, and comply with certain other requirements. Withholding under FATCA is imposed on payments to foreign financial institutions and other applicable payees whether they receive such payments in the capacity of an intermediary or for their own account. Certain countries have entered into, and other countries are expected to enter into, agreements with the United States to facilitate the type of information reporting required under FATCA. While the existence of such agreements will not eliminate the risk that payments in respect of our Class A common stock will be subject to the withholding described above, these agreements are expected to reduce the risk of the withholding for investors in (or indirectly holding our Class A common stock through financial institutions in)

those countries. Each non-U.S. stockholder and any U.S. stockholder holding our Class A common stock through a foreign financial institution is urged to consult its tax advisor about the possible impact of these rules on their investment in our Class A common stock, and the entities through which they hold our Class A common stock, including, without limitation, the process and deadlines for meeting the applicable requirements to prevent the imposition of this 30% withholding of tax under FATCA.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market sensitive instruments. In pursuing our business plan, we believe the primary market risk to which we have exposure is interest rate risk.

We are exposed to the effects of interest rate changes on our variable rate debt. Interest rate changes on our fixed rate debt will generally not affect our future earnings or cash flows unless such instruments mature or are otherwise terminated. Our interest rate risk is monitored using a variety of techniques. In order to mitigate our interest rate risk, we enter into derivative financial instruments such as interest rate swaps and caps. To the extent we enter into such derivative financial instruments, we are exposed to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes us, which creates credit risk for us. When the fair value of a derivative contract is negative, we owe the counterparty and, therefore, it does not possess credit risk. It is our policy to enter into these transactions with what we believe are high quality counterparties, including those with whom we have a lending relationship. We believe the likelihood of realized losses from counterparty non-performance is remote. We manage the market risk associated with interest rate swaps or caps by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. We do not enter into derivative or interest rate transactions for speculative purposes.

We have, and may in the future enter into, derivative instruments for which we have not and may not elect hedge accounting treatment. Because we have not elected to apply hedge accounting treatment to these derivatives, the gains or losses resulting from their mark-to-market at the end of each reporting period are recognized as an increase or decrease in interest expense in our accompanying consolidated statements of operations.

The table below presents, as of December 31, 2015, the principal amounts of our fixed and variable debt and the weighted average interest rates, excluding the impact of interest rate swaps, by year of expected maturity to evaluate the expected cash flows and sensitivity to interest rate changes (in thousands, except interest rates):

	Expected Maturity Date						
	2016	2017	2018	2019	2020	Thereafter	Total
Fixed rate debt	$52,251	$116,062	$13,821	$8,626	$22,266	$685,004	$898,030
Weighted average interest rate on fixed rate debt (per annum)	5.79 %	5.92 %	6.23 %	5.58 %	6.14 %	3.75 %	4.27 %
Variable rate debt	$523	$564	$608	$455,655	$244,638	$—	$701,988
Weighted average interest rate on variable rate debt based on forward rates in effect as of December 31, 2015 (per annum)	1.92 %	2.57 %	3.03 %	3.21 %	3.12 %	— %	1.69 %

As of December 31, 2015, we had $1.6 billion fixed and variable rate debt with interest rates ranging from 1.49% to 6.49% per annum and a weighted average interest rate of 3.14% per annum, excluding the impact of interest rate swaps. We had $898.0 million (excluding net premium/discount and deferred financing costs) of fixed rate debt with a weighted average interest rate of 4.27% per annum and $702.0 million (excluding net premium/discount and deferred financing costs) of variable rate debt with a weighted average interest rate of 1.69% per annum as of December 31, 2015, excluding the impact of interest rate swaps.

As of December 31, 2015, the fair value of our fixed rate debt was $910.4 million and the fair value of our variable rate debt was $709.3 million based upon prevailing market rates as of December 31, 2015.

As of December 31, 2015, we had interest rate swaps outstanding that effectively fix $281.1 million of our variable rate debt. Including the impact of these interest rate swaps, the effective rate on our variable rate and total debt is 2.07% and 3.30% per annum, respectively.

In addition to changes in interest rates, the value of our future properties is subject to fluctuations based on changes in local and regional economic conditions and changes in the creditworthiness of tenants, which may affect our ability to

refinance our debt if necessary.

Item 8. Financial Statements and Supplementary Data

See the disclosure listed at Item 15 - Exhibits, Financial Statement Schedules subsections (a)(1) and (a)(2).

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
None.
Item 9A. Controls and Procedures
Healthcare Trust of America, Inc.
(a) Evaluation of disclosure controls and procedures. HTA maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports pursuant to the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to management, including HTA's Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer and principal accounting officer), to allow timely decisions regarding required disclosures.
As of December 31, 2015, an evaluation was conducted by HTA under the supervision and with the participation of its management, including HTA's Chief Executive Officer and Chief Financial Officer, of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, HTA's Chief Executive Officer and the Chief Financial Officer concluded that HTA's disclosure controls and procedures were effective as of December 31, 2015.
(b) Management's report on internal control over financial reporting. HTA's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of HTA's management, including its Chief Executive Officer and Chief Financial Officer, HTA conducted an evaluation of the effectiveness of its internal control over financial reporting based on the criteria in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, HTA's Chief Executive Officer and Chief Financial Officer concluded that HTA's internal control over financial reporting was effective as of December 31, 2015.
Our independent registered public accounting firm, Deloitte & Touche LLP, independently assessed the effectiveness of HTA's internal control over financial reporting. Deloitte & Touche LLP has issued a report, which is included at the end of Item 9A of this Annual Report.
(c) Changes in internal control over financial reporting. There were no changes in HTA's internal control over financial reporting that occurred during the quarter ended December 31, 2015 that have materially affected, or are reasonably believed to be likely to materially affect, HTA's internal control over financial reporting.

February 22, 2016

Healthcare Trust of America Holdings, LP
(a) Evaluation of disclosure controls and procedures. HTALP maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports pursuant to the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to management, including HTA's Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer and principal accounting officer), to allow timely decisions regarding required disclosures.

As of December 31, 2015, an evaluation was conducted by HTALP under the supervision and with the participation of its management, including HTA's Chief Executive Officer and Chief Financial Officer, of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, HTA's Chief Executive Officer and the Chief Financial Officer, on behalf of HTA in its capacity as general partner of HTALP, concluded that HTALP's disclosure controls and procedures were effective as of December 31, 2015.

(b) Management's report on internal control over financial reporting. HTALP's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of its management, including HTA's Chief Executive Officer and Chief Financial Officer, HTALP conducted an evaluation of the effectiveness of its internal control over financial reporting based on the criteria in the 2013 Internal Control-Integrated Framework issued by COSO. Based on this evaluation, HTALP's management, including HTA's Chief Executive Officer and Chief Financial Officer, concluded that HTALP's internal control over financial reporting was effective as of December 31, 2015.

This Annual Report does not include an attestation report of HTALP's independent registered public accounting firm, Deloitte & Touche LLP, pursuant to rules of the SEC applicable to "non-accelerated filers."

(c) Changes in internal control over financial reporting. There were no changes in HTALP's internal control over financial reporting that occurred during the quarter ended December 31, 2015 that have materially affected, or are reasonably believed to be likely to materially affect, HTALP's internal control over financial reporting.

February 22, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Healthcare Trust of America, Inc.
Scottsdale, Arizona

We have audited the internal control over financial reporting of Healthcare Trust of America, Inc. and subsidiaries (the "Company") as of December 31, 2015, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and effected by the Company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedules as of and for the year ended December 31, 2015 of the Company and our report dated February 22, 2016 expressed an unqualified opinion on those financial statements and financial statement schedules.

/s/ DELOITTE & TOUCHE LLP
Phoenix, Arizona
February 22, 2016

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Item 9B. Other Information

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item 10 is incorporated by reference to the material under the headings “Proposal 1: Election of Directors,” “Corporate Governance,” “Executive Officers” and “Section 16(a) Beneficial Ownership Reporting Compliance,” in HTA’s definitive Proxy Statement for the 2016 Annual Meeting of Stockholders, which it will file with the SEC no later than April 29, 2016.

Item 11. Executive Compensation

The information required by this Item 11 is incorporated by reference to the material under the headings “Compensation of Directors,” “Compensation Discussion and Analysis,” “Compensation Committee Report” and “Compensation of Executive Officers” in HTA’s definitive Proxy Statement for the 2016 Annual Meeting of Stockholders, which it will file with the SEC no later than April 29, 2016.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item 12 is incorporated by reference to the material under the headings “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plans” in HTA’s definitive Proxy Statement for the 2016 Annual Meeting of Stockholders, which it will file with the SEC no later than April 29, 2016.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item 13 is incorporated by reference to the material under the heading “Certain Relationships and Related Party Transactions” in HTA’s definitive Proxy Statement for the 2016 Annual Meeting of Stockholders, which it will file with the SEC no later than April 29, 2016.

Item 14. Principal Accounting Fees and Services

The information required by this Item 14 is incorporated by reference to the material under the heading “Relationship with Independent Registered Public Accounting Firm: Audit and Non-Audit Fees” in HTA’s definitive Proxy Statement for the 2016 Annual Meeting of Stockholders, which it will file with the SEC no later than April 29, 2016.

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PART IV
Item 15. Exhibits, Financial Statement Schedules

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All other schedules have been omitted because they are inapplicable.

(a)(3) Exhibits:

The exhibits listed on the Exhibit Index (following the signature section of this Annual Report) are incorporated by reference into this Annual Report.

(b) Exhibits:

See Item 15(a)(1) above.

(c) Financial Statement Schedules:

See Item 15(a)(2) above.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Board of Directors and Stockholders of
Healthcare Trust of America, Inc.
Scottsdale, Arizona

We have audited the accompanying consolidated balance sheets of Healthcare Trust of America, Inc. and subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations, equity, and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedules listed in the Index at Item 15. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Healthcare Trust of America, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 22, 2016 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
Phoenix, Arizona
February 22, 2016

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Board of Directors and Stockholders of
Healthcare Trust of America Holdings, LP
Scottsdale, Arizona

We have audited the accompanying consolidated balance sheets of Healthcare Trust of America Holdings, LP and subsidiaries (the “Company”) as of December 31, 2015 and 2014, and the related consolidated statements of operations, changes in partners’ capital, and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedules listed in the Index at Item 15. These financial statements and financial statement schedules are the responsibility of the Company’s management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Healthcare Trust of America Holdings, LP and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/s/ DELOITTE & TOUCHE LLP
Phoenix, Arizona
February 22, 2016

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HEALTHCARE TRUST OF AMERICA, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	December 31, 2015	2014
ASSETS		
Real estate investments:		
Land	$303,706	$287,755
Building and improvements	2,901,157	2,665,777
Lease intangibles	430,749	419,288
	3,635,612	3,372,820
Accumulated depreciation and amortization	(676,144)	(549,976)
Real estate investments, net ($0 and $80,419 from consolidated VIEs)	2,959,468	2,822,844
Cash and cash equivalents	13,070	10,413
Restricted cash and escrow deposits	15,892	20,799
Receivables and other assets, net	141,703	133,840
Other intangibles, net	42,167	43,488
Total assets	$3,172,300	$3,031,384
LIABILITIES AND EQUITY		
Liabilities:		
Debt	$1,590,696	$1,402,195
Accounts payable and accrued liabilities	94,933	101,042
Derivative financial instruments - interest rate swaps	2,370	2,888
Security deposits, prepaid rent and other liabilities	46,295	32,687
Intangible liabilities, net	26,611	12,425
Total liabilities	1,760,905	1,551,237
Commitments and contingencies		
Redeemable noncontrolling interests	4,437	3,726
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; 127,026,839 and 125,087,268 shares issued and outstanding as of December 31, 2015 and 2014, respectively	1,270	1,251
Additional paid-in capital	2,328,806	2,281,932
Cumulative dividends in excess of earnings	(950,652)	(836,044)
Total stockholders' equity	1,379,424	1,447,139
Noncontrolling interests	27,534	29,282
Total equity	1,406,958	1,476,421
Total liabilities and equity	$3,172,300	$3,031,384

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

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

	Year Ended December 31,		
	2015	2014	2013
Revenues:			
Rental income	$403,553	$369,571	$319,043
Interest and other operating income	269	1,934	2,558
Total revenues	403,822	371,505	321,601
Expenses:			
Rental	123,390	113,508	97,316
General and administrative	25,578	24,947	24,448
Acquisition-related	4,555	9,545	7,523
Depreciation and amortization	154,134	140,432	121,647
Listing	—	—	4,405
Impairment	2,581	—	—
Total expenses	310,238	288,432	255,339
Income before other income (expense)	93,584	83,073	66,262
Interest expense:			
Interest related to derivative financial instruments	(3,140)	(5,904)	(5,314)
(Loss) gain on change in fair value of derivative financial instruments, net	(769)	(2,870)	10,796
Total interest related to derivative financial instruments, including net change in fair value of derivative financial instruments	(3,909)	(8,774)	5,482
Interest related to debt	(54,967)	(51,585)	(47,102)
Gain on sales of real estate, net	152	27,894	—
Gain (loss) on extinguishment of debt, net	123	(4,663)	—
Other (expense) income	(1,426)	49	42
Net income	$33,557	$45,994	$24,684
Net income attributable to noncontrolling interests (1)	(626)	(623)	(423)
Net income attributable to common stockholders	$32,931	$45,371	$24,261
Earnings per common share - basic: (2)			
Net income attributable to common stockholders	$0.26	$0.38	$0.21
Earnings per common share - diluted: (2)			
Net income attributable to common stockholders	$0.26	$0.37	$0.21
Weighted average common shares outstanding: (2)			
Basic	126,074	119,904	114,038
Diluted	128,004	121,168	114,970

(1) Includes amounts attributable to redeemable noncontrolling interests.
(2) For the year ended December 31, 2013, amounts have been adjusted retroactively to reflect the Reverse Stock Split effected on December 15, 2014.
The accompanying notes are an integral part of these consolidated financial statements.

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HEALTHCARE TRUST OF AMERICA, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(In thousands)

	Common Stock Issued [1]		Par Value [1]	Additional Paid-In Capital [1]	Cumulative Dividends in Excess of Earnings	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
	Class A	Class B						
Balance as of December 31, 2012	50,043	57,283	$1,074	$1,886,909	$(633,717)	$1,254,266	$ 10,329	$1,264,595
Issuance of common stock	10,937	—	109	239,225	—	239,334	—	239,334
Share-based award transactions, net	211	(8)	2	2,469	76	2,547	3,177	5,724
Repurchase and cancellation of common stock	(26)	—	(1)	(521)	—	(522)	—	(522)
Conversion	57,275	(57,275)	—	—	—	—	—	—
Dividends ($1.150 per common share) [1]	—	—	—	—	(132,680)	(132,680)	(1,304)	(133,984)
Net loss	—	—	—	—	24,261	24,261	341	24,602
Balance as of December 31, 2013	118,440	—	1,184	2,128,082	(742,060)	1,387,206	12,543	1,399,749
Issuance of common stock	6,371	—	64	151,950	—	152,014	—	152,014
Issuance of operating partnership units in connection with acquisitions	—	—	—	—	—	—	16,960	16,960
Share-based award transactions, net	263	—	3	4,380	—	4,383	—	4,383
Repurchase and cancellation of common stock	(48)	—	(1)	(1,055)	—	(1,056)	—	(1,056)
Redemption of noncontrolling interest and other	61	—	1	(1,425)	—	(1,424)	995	(429)
Dividends ($1.155 per common share)	—	—	—	—	(139,355)	(139,355)	(1,655)	(141,010)
Net income	—	—	—	—	45,371	45,371	439	45,810
Balance as of December 31, 2014	125,087	—	1,251	2,281,932	(836,044)	1,447,139	29,282	1,476,421
Issuance of common stock	1,800	—	18	43,631	—	43,649	—	43,649
	202	—	2	5,722	—	5,724	—	5,724

Share-based award transactions, net								
Repurchase and cancellation of common stock	(62)	—	(1)	(1,666)	—	(1,667)	—	(1,667)
Redemption of noncontrolling interest and other	—	—	—	(813)	—	(813)	—	(813)
Dividends ($1.170 per common share)	—	—	—	—	(147,539)	(147,539)	(2,262)	(149,801)
Net income	—	—	—	—	32,931	32,931	514	33,445
Balance as of December 31, 2015	127,027	—	$1,270	$2,328,806	$(950,652)	$1,379,424	$27,534	$1,406,958

(1) For the year ended December 31, 2013, amounts have been adjusted retroactively to reflect the Reverse Stock Split effected on December 15, 2014.
The accompanying notes are an integral part of these consolidated financial statements.

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HEALTHCARE TRUST OF AMERICA, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net income	$33,557	$45,994	$24,684
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and other	151,614	137,188	119,904
Share-based compensation expense	5,724	4,383	5,648
Bad debt expense	828	312	453
Gain on sales of real estate, net	(152)	(27,894)	—
Impairment	2,581	—	—
(Gain) loss on extinguishment of debt, net	(123)	4,663	—
Change in fair value of derivative financial instruments	769	2,870	(10,796)
Changes in operating assets and liabilities:			
Receivables and other assets, net	(7,508)	(9,252)	(15,931)
Accounts payable and accrued liabilities	(6,284)	12,262	14,789
Security deposits, prepaid rent and other liabilities	10,089	(2,027)	9,073
Net cash provided by operating activities	191,095	168,499	147,824
Cash flows from investing activities:			
Investments in real estate	(279,334)	(307,271)	(340,307)
Acquisition of note receivable	—	(11,924)	—
Proceeds from sales of real estate	34,629	78,854	—
Capital expenditures	(29,270)	(29,037)	(25,382)
Collection of real estate notes receivable	—	28,520	—
Issuance of real estate notes receivable	—	—	(8,520)
Restricted cash, escrow deposits and other assets	4,711	(18,844)	(491)
Net cash used in investing activities	(269,264)	(259,702)	(374,700)
Cash flows from financing activities:			
Proceeds from unsecured senior notes	—	297,615	297,558
Borrowings on unsecured revolving credit facility	454,000	294,000	158,000
Payments on unsecured revolving credit facility	(272,000)	(313,000)	(175,000)
Borrowings on unsecured term loans	100,000	—	—
Payments on unsecured term loans	—	(100,000)	—
Payments on secured real estate term loan and mortgage loans	(94,856)	(92,236)	(156,963)
Deferred financing costs	(204)	(12,112)	(3,651)
Derivative financial instrument termination payments	—	(1,675)	(1,195)
Security deposits	(243)	(1,025)	1,225
Proceeds from issuance of common stock, net	44,324	152,014	240,657
Repurchase and cancellation of common stock	(1,667)	(1,056)	(522)
Dividends	(146,372)	(137,158)	(129,360)
Payment on earnout liability	—	—	(92)
Distributions to noncontrolling interest of limited partners	(2,156)	(1,832)	(1,656)
Net cash provided by financing activities	80,826	83,535	229,001
Net change in cash and cash equivalents	2,657	(7,668)	2,125
Cash and cash equivalents - beginning of year	10,413	18,081	15,956
Cash and cash equivalents - end of year	$13,070	$10,413	$18,081

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

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HEALTHCARE TRUST OF AMERICA HOLDINGS, LP
CONSOLIDATED BALANCE SHEETS
(In thousands, except unit data)

	December 31, 2015	2014
ASSETS		
Real estate investments:		
Land	$303,706	$287,755
Building and improvements	2,901,157	2,665,777
Lease intangibles	430,749	419,288
	3,635,612	3,372,820
Accumulated depreciation and amortization	(676,144)	(549,976)
Real estate investments, net ($0 and $80,419 from consolidated VIEs)	2,959,468	2,822,844
Cash and cash equivalents	13,070	10,413
Restricted cash and escrow deposits	15,892	20,799
Receivables and other assets, net	141,703	133,840
Other intangibles, net	42,167	43,488
Total assets	$3,172,300	$3,031,384
LIABILITIES AND PARTNERS' CAPITAL		
Liabilities:		
Debt	$1,590,696	$1,402,195
Accounts payable and accrued liabilities	94,933	101,042
Derivative financial instruments - interest rate swaps	2,370	2,888
Security deposits, prepaid rent and other liabilities	46,295	32,687
Intangible liabilities, net	26,611	12,425
Total liabilities	1,760,905	1,551,237
Commitments and contingencies		
Redeemable noncontrolling interests	4,437	3,726
Partners' Capital:		
Limited partners' capital, 1,929,942 and 2,154,942 units issued and outstanding as of December 31, 2015 and 2014, respectively	27,264	29,012
General partners' capital, 127,026,839 and 125,087,268 units issued and outstanding as of December 31, 2015 and 2014, respectively	1,379,694	1,447,409
Total partners' capital	1,406,958	1,476,421
Total liabilities and partners' capital	$3,172,300	$3,031,384

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

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HEALTHCARE TRUST OF AMERICA HOLDINGS, LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per unit data)

	Year Ended December 31,		
	2015	2014	2013
Revenues:			
Rental income	$403,553	$369,571	$319,043
Interest and other operating income	269	1,934	2,558
Total revenues	403,822	371,505	321,601
Expenses:			
Rental	123,390	113,508	97,316
General and administrative	25,578	24,947	24,448
Acquisition-related	4,555	9,545	7,523
Depreciation and amortization	154,134	140,432	121,647
Listing	—	—	4,405
Impairment	2,581	—	—
Total expenses	310,238	288,432	255,339
Income before other income (expense)	93,584	83,073	66,262
Interest expense:			
Interest related to derivative financial instruments	(3,140)	(5,904)	(5,314)
(Loss) gain on change in fair value of derivative financial instruments, net	(769)	(2,870)	10,796
Total interest related to derivative financial instruments, including net change in fair value of derivative financial instruments	(3,909)	(8,774)	5,482
Interest related to debt	(54,967)	(51,585)	(47,102)
Gain on sales of real estate, net	152	27,894	—
Gain (loss) on extinguishment of debt, net	123	(4,663)	—
Other (expense) income	(1,426)	49	42
Net income	$33,557	$45,994	$24,684
Net income attributable to noncontrolling interests	(112)	(133)	(51)
Net income attributable to common unitholders	$33,445	$45,861	$24,633
Earnings per common unit - basic: (1)			
Net income attributable to common unitholders	$0.26	$0.38	$0.21
Earnings per common unit - diluted: (1)			
Net income attributable to common unitholders	$0.26	$0.38	$0.21
Weighted average common units outstanding: (1)			
Basic	128,079	121,340	115,565
Diluted	128,079	121,340	115,565

(1) For the year ended December 31, 2013, amounts have been adjusted retroactively to reflect the Reverse Stock Split effected on December 15, 2014.
The accompanying notes are an integral part of these consolidated financial statements.

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HEALTHCARE TRUST OF AMERICA HOLDINGS, LP
CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL
(In thousands)

	General Partners' Capital		Limited Partners' Capital		Total Partners'
	Units [1]	Amount	Units [1]	Amount	Capital
Balance as of December 31, 2012	107,326	$1,254,536	1,528	$11,663	$1,266,199
Issuance of general partner units	10,937	239,334	—	—	239,334
Share-based award transactions, net	203	2,547	(1)	3,177	5,724
Redemption and cancellation of general partner units	(26)	(522)	—	—	(522)
Distributions ($1.150 per common unit) [1]	—	(132,680)	—	(1,394)	(134,074)