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METATEC INC
Form NT 10-Q
November 14, 2003

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

FORM 12b-25

NOTIFICATION OF LATE FILING

SEC File Number: 000-09220
CUSIP Number: 591398 10 2

(Check One): / / Form 10-K / / Form 20-F / / Form 11-K /X/ Form 10-Q
/ / Form N-SAR / / Form N-CSR

For Period Ended: September 30, 2003
/ / Transition Report on Form 10-K
/ / Transition Report on Form 20-F
/ / Transition Report on Form 11-K
/ / Transition Report on Form 10-Q
/ / Transition Report on Form N-SAR
For the Transition Period Ended: _____

READ INSTRUCTION (ON BACK PAGE) BEFORE PREPARING FORM. PLEASE PRINT OR TYPE.
NOTHING IN THIS FORM SHALL BE CONSTRUED TO IMPLY THAT THE COMMISSION HAS
VERIFIED ANY INFORMATION CONTAINED HEREIN.

If the notification relates to a portion of the filing checked above, identify
the Item(s) to which the notification relates: Not applicable.

PART I - REGISTRANT INFORMATION

Metatec, Inc.

Full Name of Registrant

Not Applicable

Former Name if Applicable

7001 Metatec Boulevard

Address of Principal Executive Office (Street and Number)

Dublin, Ohio 43017

City, State and Zip Code

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PART II -- RULES 12b-25(b) AND (c)

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate)

- a) The reason described in reasonable detail in Part III of this form could not be eliminated without unreasonable effort or expense;
- b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR, or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and
- c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.

PART III -- NARRATIVE

State below in reasonable detail the reasons why Forms 10-K, 20-F, 11-K, 10-Q, N-SAR, N-CSR, or the transition report portion thereof, could not be filed within the prescribed time period.

On October 17, 2003, Metatec, Inc. (the "Company") filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of Ohio in Columbus, Ohio (the "Bankruptcy Court"), Case No. 03-65902 (the "Bankruptcy Case"). The Company reported the Bankruptcy Case in a Current Report on Form 8-K (Item 3) filed with the Securities and Exchange Commission on October 20, 2003. During the pendency of the Bankruptcy Case, the Company will continue to operate its business and manage its properties as a debtor-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code.

In connection with filing the Chapter 11 petition, the Company filed motions with the Bankruptcy Court seeking orders for the approval of (1) the Company receiving post-petition financing of up to \$5.0 million from MTI Acquisition Corp. ("MTI"), (2) bidding procedures with respect to the sale of the Company's assets, and (3) the Company proceeding with the sale of its assets to MTI in accordance with the terms of an asset purchase agreement between the Company and MTI (referred to as the "MTI Bid"). MTI is a wholly owned subsidiary of ComVest Investment Partners II LLC ("ComVest II"), and an affiliate of Commonwealth Associates Group Holdings LLC. ComVest II is the Company's largest secured creditor.

The MTI Bid provides that MTI would purchase substantially all of the assets of the Company for a purchase price of \$10.0 million, consisting of a \$9.0 million credit to ComVest II's secured-party creditor bankruptcy claim (subject to adjustment based on letter of credit obligations) and a \$1.0 million cash payment to the bankruptcy estate, plus the assumption of certain indebtedness and executory contracts. If MTI is the successful bidder, it has agreed to assume the Company's obligations to repay the post-petition financing.

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The MTI Bid is subject to higher and better offers.

On November 13, 2003, the Bankruptcy Court entered an Order (the "Order") which, among other things, (1) authorized the Company to proceed with a sale of its assets (the "Sale"), (2) established bidding procedures to be employed in connection with the Sale (the "Bidding Procedures"), including the approval of a break-up fee and expense reimbursement to MTI, (3) approved form and notice of the Sale, and (4) set dates for a sale hearing and deadlines for the filing of all objections to the Sale and all objections to the assumption by the Company and assignment to the successful bidder of executory contracts and unexpired leases, including any objections to cure payments proposed to be paid in connection therewith. The Bankruptcy Court has also approved the post-petition financing to the Company described above.

The Company is soliciting higher and better offers to the MTI Bid for the purchase of its assets. As further set forth in the Order, in order to be considered a "qualified offer," an offer must comply with the Bidding Procedures and be received on

or before 5:00 p.m. (EST) on December 15, 2003. If a qualified offer is timely received, an auction will be conducted at the offices of the Company's attorneys beginning at 10:00 a.m. (EST) on December 17, 2003. A hearing to approve the purchase agreement of the successful bidder is scheduled to be held before the Bankruptcy Court on December 18, 2003, at 10:00 a.m. (EST).

After the assets of the Company have been sold to the successful bidder, the Company will use the sale proceeds, together with any other (if any) remaining assets, to pay administrative costs, and any remaining proceeds would be distributed to creditors in accordance with the applicable provisions of the Bankruptcy Code. At this time, based upon the purchase price the MTI Bid, the Company does not believe that it will have any cash or other assets remaining to distribute to its shareholders after making payments to its creditors. Therefore, as previously disclosed in its filings with the Securities and Exchange Commission, the Company does not anticipate that its shareholders will realize any cash or other value for their common shares of the Company.

Consequently, given the current conditions and circumstances, the Company believes that its Form 10-Q cannot be prepared without unreasonable effort or expense, and the Company does not intend to file periodic reports until circumstances change such that periodic reports could be prepared and filed without unreasonable effort and expense. The Company does intend to continue to disclose other material information through filings on Current Reports on Form 8-K.

PART IV-- OTHER INFORMATION

- (1) Name and telephone number of person to contact in regard to this notification

Lisa Imondi	614	761-2000
-----	-----	-----
(Name)	(Area Code)	(Telephone Number)

- (2) Have all other periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 or Section 30 of the Investment Company Act of 1940 during the preceding 12 months or for such shorter period that the registrant was required to file such report(s) been filed? If answer is no, identify report(s).
/X/ Yes / / No

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(3) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?
/X/ Yes / / No

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

The Company's management has not made a determination as to whether or not any of the Company's assets have been impaired as a result of the Bankruptcy Case, described above. However, given the amount of the purchase price of the MTI Bid in relation to book value of the Company's assets, it is likely that the Company's assets would be impaired as a result of the Bankruptcy Case and that the Company would be required to recognize a writedown of assets under United States generally accepted accounting principles.

METATEC, INC.

(Name of Registrant as Specified in Charter)

has caused this notification to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: November 14, 2003

By /s/ Christopher A. Munro

Christopher A. Munro, President and
Chief Executive Officer

/FONT>

Non-accelerated Filer "

(Do not check if a smaller
reporting company)

Smaller Reporting Company "MPT Operating Partnership, L.P. Large accelerated Filer " Accelerated Filer "

Non-accelerated Filer x

(Do not check if a smaller
reporting company)

Smaller Reporting Company "

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

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Medical Properties Trust, Inc. Yes No MPT Operating Partnership, L.P. Yes No

As of June 30, 2014, the aggregate market value of the 172,454,688 shares of common stock, par value \$0.001 per share (Common Stock), held by non-affiliates of the registrant was \$2,283,300,069 based upon the last reported sale price of \$13.24 on the New York Stock Exchange on that date. For purposes of the foregoing calculation only, all directors and executive officers of the registrant have been deemed affiliates.

As of February 26, 2015, 208,698,380 shares of Medical Properties Trust, Inc. Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 14, 2015 are incorporated by reference into Items 10 through 14 of Part III, of this Annual Report on Form 10-K.

Table of Contents**Index to Financial Statements****TABLE OF CONTENTS**

<u>A WARNING ABOUT FORWARD LOOKING STATEMENTS</u>		1
PART I		
ITEM 1	<u>Business</u>	2
ITEM 1A.	<u>Risk Factors</u>	13
ITEM 1B.	<u>Unresolved Staff Comments</u>	32
ITEM 2.	<u>Properties</u>	33
ITEM 3.	<u>Legal Proceedings</u>	34
ITEM 4.	<u>Mine Safety Disclosures</u>	34
PART II		
ITEM 5.	<u>Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities</u>	35
ITEM 6.	<u>Selected Financial Data</u>	36
ITEM 7.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	41
ITEM 7A.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	58
ITEM 8.	<u>Financial Statements and Supplementary Data</u>	60
ITEM 9.	<u>Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</u>	107
ITEM 9A.	<u>Controls and Procedures</u>	107
ITEM 9B.	<u>Other Information</u>	108
PART III		
ITEM 10.	<u>Directors, Executive Officers and Corporate Governance</u>	109
ITEM 11.	<u>Executive Compensation</u>	109
ITEM 12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	109
ITEM 13.	<u>Certain Relationships and Related Transactions, and Director Independence</u>	109
ITEM 14.	<u>Principal Accountant Fees and Services</u>	109
PART IV		
ITEM 15.	<u>Exhibits and Financial Statement Schedules</u>	110
<u>SIGNATURES</u>		117

Table of Contents

Index to Financial Statements

EXPLANATORY NOTE

This report combines the Annual Reports on Form 10-K for the year ended December 31, 2014, of Medical Properties Trust, Inc., a Maryland corporation, and MPT Operating Partnership, L.P., a Delaware limited partnership, through which Medical Properties Trust, Inc. conducts substantially all of its operations. Unless otherwise indicated or unless the context requires otherwise, all references in this report to we, us, our, our company, Medical Properties, MPT, or the Company refer to Medical Properties Trust, Inc. together with its consolidated subsidiaries, including MPT Operating Partnership, L.P. Unless otherwise indicated or unless the context requires otherwise, all references to our operating partnership or the operating partnership refer to MPT Operating Partnership, L.P. together with its consolidated subsidiaries.

CAUTIONARY LANGUAGE REGARDING FORWARD LOOKING STATEMENTS

We make forward-looking statements in this Annual Report on Form 10-K that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. Statements regarding the following subjects, among others, are forward-looking by their nature:

our business strategy;

our projected operating results;

our ability to acquire or develop net-leased facilities;

availability of suitable facilities to acquire or develop;

our ability to enter into, and the terms of, our prospective leases and loans;

our ability to raise additional funds through offerings of debt and equity securities and/or property disposals;

our ability to obtain future financing arrangements;

estimates relating to, and our ability to pay, future distributions;

our ability to compete in the marketplace;

lease rates and interest rates;

market trends;

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projected capital expenditures; and

the impact of technology on our facilities, operations and business.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account information currently available to us. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. You should carefully consider these risks before you make an investment decision with respect to our common stock and other securities, along with, among others, the following factors that could cause actual results to vary from our forward-looking statements:

the factors referenced in this Annual Report on Form 10-K, including those set forth under the sections captioned Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations, and Business;

U.S. (both national and local) and European (in particular Germany and the U.K.) economic, business, real estate, and other market conditions;

Table of Contents

Index to Financial Statements

the satisfaction of all conditions to, the timely closing (if at all) of, and our ability to realize the anticipated benefits from, the Median transactions;

the competitive environment in which we operate;

the execution of our business plan;

financing risks;

acquisition and development risks;

potential environmental contingencies and other liabilities;

other factors affecting the real estate industry generally or the healthcare real estate industry in particular;

our ability to maintain our status as a real estate investment trust, or REIT for U.S. federal and state income tax purposes;

our ability to attract and retain qualified personnel;

changes in foreign currency exchange rates;

U.S. (both federal and state) and European (in particular Germany and the U.K.) healthcare and other regulatory requirements; and

U.S. national and local economic conditions, as well as conditions in Europe and any other foreign jurisdictions where we own or will own healthcare facilities, which may have a negative effect on the following, among other things:

the financial condition of our tenants, our lenders, counterparties to our interest rate swaps and other hedged transactions and institutions that hold our cash balances, which may expose us to increased risks of default by these parties;

our ability to obtain equity or debt financing on attractive terms or at all, which may adversely impact our ability to pursue acquisition and development opportunities, refinance existing debt and our future interest expense; and

the value of our real estate assets, which may limit our ability to dispose of assets at attractive prices or obtain or maintain debt financing secured by our properties or on an unsecured basis.

When we use the words believe, expect, may, potential, anticipate, estimate, plan, will, could, intend or similar expressions, we are making forward-looking statements. You should not place undue reliance on these forward-looking statements. Except as required by law, we disclaim

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any obligation to update such statements or to publicly announce the result of any revisions to any of the forward-looking statements contained in this Annual Report on Form 10-K to reflect future events or developments.

PART I

ITEM 1. *Business* **Overview**

We are a self-advised real estate investment trust (REIT) focused on investing in and owning net-leased healthcare facilities. We conduct substantially all of our business through MPT Operating Partnership, L.P. We acquire and develop healthcare facilities and lease the facilities to healthcare operating companies under long-term net leases, which require the tenant to bear most of the costs associated with the property. We also make mortgage loans to healthcare operators collateralized by their real estate assets. In addition, we selectively make loans to certain of our operators through our taxable REIT subsidiaries, the proceeds of which are typically used for acquisition and working capital. Finally, from time to time, we acquire a profits or other equity interest in our tenants that gives us a right to share in such tenants' profits and losses.

Table of Contents**Index to Financial Statements**

Our investments in healthcare real estate, including mortgage and other loans, as well as any equity investments in our tenants are considered a single reportable segment as further discussed in Note 1 of Item 8 in Part II of this Annual Report on Form 10-K. All of our investments are currently located in the United States and Europe. At December 31, 2014 and 2013, we had \$3.7 billion and \$2.9 billion, respectively, in total assets made up of the following:

	2014	(Dollars in thousands)		2013	
Real estate owned (gross)(1)	\$ 2,589,128	69.1%	\$ 2,254,708	77.6%	
Mortgage loans	397,594	10.6%	388,756	13.4%	
Other loans	573,167	15.3%	160,990	5.5%	
Construction in progress	23,163	0.6%	41,771	1.4%	
Other assets(1)	164,284	4.4%	58,470	2.1%	
Total	\$ 3,747,336	100.0%	\$ 2,904,695	100.0%	

(1) Includes \$784.2 million and \$240.5 million of healthcare real estate assets in Europe in 2014 and 2013, respectively.

Revenue by property type:

The following is our revenue by property type for the year ended December 31 (dollars in thousands):

	2014		2013		2012	
General Acute Care Hospitals(1)(2)	\$ 186,399	59.6%	\$ 144,291	59.5%	\$ 113,173	57.1%
Rehabilitation Hospitals(2)	71,564	22.9%	43,441	17.9%	34,252	17.3%
Long-Term Acute Care Hospitals	53,908	17.2%	53,130	21.9%	49,039	24.8%
Wellness Centers	661	0.3%	1,661	0.7%	1,661	0.8%
Total revenue	\$ 312,532	100.0%	\$ 242,523	100.0%	\$ 198,125	100.0%

(1) Includes three medical office buildings.

(2) Includes \$26.0 million and \$1.8 million in revenue from the healthcare real estate assets in Europe in 2014 and 2013, respectively.

See **Overview** in Item 7 of this Annual Report on Form 10-K for details of transaction activity for 2014, 2013 and 2012. More information is available on the Internet at www.medicalproptiertrust.com.

Portfolio of Properties

As of February 26, 2015, our portfolio consisted of 138 properties: 117 facilities (of the 130 facilities that we own) are leased to 27 tenants, 13 are under development (including 11 development projects with First Choice Emergency Room), and the remaining assets are in the form of mortgage loans to three operators. Our facilities consist of 73 general acute care hospitals, 23 long-term acute care hospitals, 33 inpatient rehabilitation hospitals, three medical office buildings, and six wellness centers.

At December 31, 2014, no single property accounted for more than 4% of our total assets.

Outlook and Strategy

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Our strategy is to lease the facilities that we acquire or develop to experienced healthcare operators pursuant to long-term net leases. Alternatively, we have structured certain of our investments as long-term, interest-only mortgage loans to healthcare operators, and we may make similar investments in the future. Our mortgage loans

Table of Contents

Index to Financial Statements

are structured such that we obtain similar economic return as our triple-net leases. In addition, we have obtained and will continue to obtain profits or other interests in certain of our tenants' operations in order to enhance our overall return. The market for healthcare real estate is extensive and includes real estate owned by a variety of healthcare operators. We focus on acquiring and developing those net-leased facilities that are specifically designed to reflect the latest trends in healthcare delivery methods. These facilities include but are not limited to: physical rehabilitation hospitals, long-term acute care hospitals, general acute care hospitals, ambulatory surgery centers, and other single-discipline healthcare facilities.

Diversification

A fundamental component of our business plan is the continued diversification of our tenant relationships, the types of hospitals we own and the geographic areas in which we invest. From a tenant relationship perspective, see section titled "Significant Tenants" below for detail. See sections titled "Revenue by Property Type" and "Portfolio of Properties" above for information on the diversification of our hospital types. From a geography perspective, we have investments across the United States. See below for investment concentration in the United States:

In November 2013, we expanded our footprint into Europe (via Germany) by acquiring 11 rehabilitation facilities in Germany from RHM Klinik-und Altenheimbetriebe GmbH & Co. KG ("RHM") and continued expanding in Germany and the United Kingdom in 2014. See below for our global geography concentration at December 31, 2014:

Table of Contents

Index to Financial Statements

In December 2014, we, along with Waterland Private Equity, completed Step 1 of the acquisition of Median Kliniken S.à r.l. (Median), a German provider of post-acute and acute rehabilitation services. Once Step 2 (sale-lease back step) of this acquisition is completed in early 2015, we will have added another 38 rehabilitation hospitals and two acute care hospitals, located across 11 states, in the Federal Republic of Germany for an estimated aggregate purchase price of approximately 705 million (or approximately \$881 million). See Note 3 of Item 8 of this Annual Report on Form 10-K for further details of this acquisition.

The continued expansion into the German market represents an attractive investment opportunity for us given Germany's strong macroeconomic position and healthcare environment. Germany's GDP, which is approximately \$3,400 billion according to World Bank 2012 data, has been relatively more stable than other countries in the European Union due to Germany's culture, which embodies stable business practices and monetary policy. In addition to cultural influences, government policies emphasizing sound public finance and a significant presence of small and medium-sized enterprises (which employ 60% of the employment base) have also contributed to Germany's strong and sustainable economic position. The above factors have contributed to an unemployment rate in Germany of 5.3% as of July 2013, which is significantly less than the 11.0% unemployment rate in the European Union generally as of July 2013, according to Eurostat.

The United Kingdom represents an attractive investment opportunity, as well, because of the magnitude of the British economy and its position as the third largest economy in Europe after Germany and France. While the British National Health System (NHS) operates as a government owned and controlled system throughout the United Kingdom, recent legislation has emphasized private competition in the provision of hospital services.

Over the past two decades, the government has greatly reduced public ownership. Services, particularly banking, insurance and business services are key drivers of British GDP growth. In 2013, GDP grew 1.4% after a slow recovery from the recession which began in 2008. An important component of the British economy is the NHS. It is funded through central taxation and provides a comprehensive range of health services at no charge to its beneficiaries. Approximately 41% of the NHS budget is spent on hospital care. It is a large system employing more than 1.6 million people making it one of the top five employers in the world.

Recently, legislation has been passed and produced The Health & Social Care Act 2012 which allows for more private care to be delivered and financed. The law introduced the concept of "Choose and Book" which is a general practitioner referral system for follow-on appointments that allows private and NHS hospitals to compete for patients equally.

Underwriting/Asset Management

Our revenue is derived from rents we earn pursuant to the lease agreements with our tenants, from interest income from loans to our tenants and other facility owners and from profits or equity interests in certain of our tenants' operations. Our tenants operate in the healthcare industry, generally providing medical, surgical and rehabilitative care to patients. The capacity of our tenants to pay our rents and interest is dependent upon their ability to conduct their operations at profitable levels. We believe that the business environment of the industry segments in which our tenants operate is generally positive for efficient operators. However, our tenants' operations are subject to economic, regulatory and market conditions that may affect their profitability, which could impact our results. Accordingly, we monitor certain key factors, changes to which we believe may provide early indications of conditions that may affect the level of risk in our portfolio.

Key factors that we consider in underwriting prospective tenants and in monitoring the performance of existing tenants include the following:

admission levels and surgery/procedure/diagnosis volumes by type;

the current, historical and prospective operating margins (measured by a tenant's earnings before interest, taxes, depreciation, amortization and facility rent) of each tenant and at each facility;

Table of Contents

Index to Financial Statements

the ratio of our tenants' operating earnings both to facility rent and to facility rent plus other fixed costs, including debt costs;

trends in the source of our tenants' revenue, including the relative mix of public payors (including Medicare, Medicaid/MediCal, and managed care in the U.S. and pension funds in Germany) and private payors (including commercial insurance and private pay patients);

the effect of evolving healthcare legislation and other regulations on our tenants' profitability and liquidity; and

the competition and demographics of the local and surrounding areas in which the tenants operate.

Healthcare Industry

Healthcare is the single largest industry in the United States (U.S.) based on Gross Domestic Product (GDP). According to the National Health Expenditures report dated January 2013 by the Centers for Medicare and Medicaid Services: (i) national health expenditures are projected to grow 5.6% in 2015; (ii) the average compound annual growth rate for national health expenditures, over the projection period of 2015 through 2023, is anticipated to be 6.0%; and (iii) the healthcare industry is projected to represent 19.3% of U.S. GDP by 2023.

In regards to Germany, the healthcare industry is the single largest industry like in the U.S. Behind only the U.S., Netherlands and France, Germany's healthcare expenditures represent approximately 11.3% of its total GDP according to the Organisation for Economic Co-operation and Development's 2011 data.

Germany and the United Kingdom healthcare systems as compared to that of the U.S. are set forth below:

United States	Germany <i>Coverage</i>	United Kingdom
Coverage depends on individual's ability to pay and/or plan benefits	German law mandates universal coverage and access	Defined healthcare benefits are free to all residents in the UK through the National Health Service
Insurance primarily offered through employers and government	Statutory health insurance and special programs cover 90% of Germany's population	
	10% Covered by private insurance	
	<i>Payors</i>	
Medicare Federal government sponsored	Statutory Health Insurance	National Health Service Single payor government system
Medicaid State and Federal government sponsored	Pension Funds National and Regional funds that pay for rehabilitation services	Private Health insurance
Commercial insurance Private		

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Private Health Insurance limited to higher earners

Laws

Affordable Care Act movement towards universal care

Universal healthcare reimbursement mandated by law

Universal healthcare reimbursement mandated by law

Table of Contents

Index to Financial Statements

The German rehabilitation market (which includes our facilities in Germany) serves a broader scope of treatment with over 1,233 rehabilitation facilities (compared to 1,165 in the U.S.) and 208.5 beds per 100,000 population (compared to 114.7 in the U.S.). Approximately 90% of the payments in the German system come from governmental sources. The largest payor category is the public pension fund system representing 39% of payments. Public health insurance and payments for government employees represent 46% of payments. The balance of the payments into the German rehabilitation market come from a variety of sources including private pay and private insurance. One particular focus area of investors in the German market is the healthcare industry because the German Social Code mandates universal access, coverage and a high standard of care, thereby creating a robust healthcare dynamic in the country.

The delivery of healthcare services, whether in the U.S. or elsewhere, requires real estate and, as a consequence, healthcare providers depend on real estate to maintain and grow their businesses. We believe that the healthcare real estate market provides investment opportunities due to the:

compelling demographics driving the demand for healthcare services;

specialized nature of healthcare real estate investing; and

consolidation of the fragmented healthcare real estate sector.

Our Leases and Loans

The leases for our facilities are net leases with terms generally requiring the tenant to pay all ongoing operating and maintenance expenses of the facility, including property, casualty, general liability and other insurance coverages, utilities and other charges incurred in the operation of the facilities, as well as real estate and certain other taxes, ground lease rent (if any) and the costs of capital expenditures, repairs and maintenance (including any repairs mandated by regulatory requirements). Similarly, borrowers under our mortgage loan arrangements retain the responsibilities of ownership, including physical maintenance and improvements and all costs and expenses. Our leases and loans typically require our tenants to indemnify us for any past or future environmental liabilities. Our current leases and loans have a weighted-average remaining initial lease term of 12.7 years (see Item 2 for more information on remaining lease terms). Based on current monthly revenue, approximately 90% of our domestic leases and loans provide for annual rent or interest escalations based on either increases in the U.S. Consumer Price Index (CPI) or minimum annual rent or interest escalations ranging from 0.5% to 4%. In some cases, our domestic leases and loans provide for escalations based on CPI subject to floors and/or ceilings (which is the case with our Ernest and Prime master leases (discussed below under Significant Tenants)). In certain limited cases, we may have arrangements that provide for additional rents based on the level of a tenant's revenue.

Our master lease for our current RHM properties in Germany provides for annual rent increases of 2.0% from 2015 through 2017, and of 0.5% thereafter. On December 31, 2020 and every three years thereafter, rent will also be increased to reflect 70% of cumulative increases in the German consumer price index.

RIDEA Investments

We have and will make equity investments, loans (with equity like returns) and obtain profit interests in certain of our tenants. These investments fall under a structure permitted by the Housing and Economic Recovery Act of 2008 (RIDEA). Under the provisions of RIDEA, a REIT may lease qualified health care properties on an arm's length basis to a taxable REIT subsidiary (TRS) if the property is operated on behalf of such subsidiary by a person who qualifies as an eligible independent contractor. We view RIDEA as a structure primarily to be used on properties that present attractive valuation entry points.

At December 31, 2014, our RIDEA investments (excluding our RIDEA investment with affiliates of Ernest Health, Inc. (Ernest)) were \$11.4 million generating income in 2014 of \$2.6 million more than a 20% annualized return. Our Ernest operating investment of \$96.5 million generated income in 2014, including interest from our acquisition note, of \$15.3 million, yielding slightly more than a 15% annualized return.

Table of Contents

Index to Financial Statements

Significant Tenants

On December 31, 2014, we had total assets of approximately \$3.7 billion comprised of 132 healthcare properties in 27 states, in Germany, and in the United Kingdom. The properties are leased to or mortgaged by 27 different hospital operating companies.

Affiliates of Prime Healthcare Services, Inc. (Prime) lease 14 facilities pursuant to master lease agreements. The master leases are for 10 years (initial expiration in 2022) and contain two renewal options of five years each. The annual escalators reflect 100% of CPI increases, along with a 2% minimum floor. At the end of the initial or any renewal term, Prime must exercise any available extension or purchase option with respect to all or none of the leased and mortgaged properties. The master leases include repurchase options, including provisions establishing minimum repurchase prices equal to our total investment. In addition to leases, we hold mortgage loans on three facilities owned by affiliates of Prime that will mature in 2022. The terms and provisions of these loans are generally equivalent to the terms and provisions of our Prime lease arrangements. Prime represented 20.0% of our total assets at December 31, 2014 and 24.5% at December 31, 2013.

Ernest leases 22 facilities pursuant to a master lease agreement. The original master lease agreement has a 20-year term with three five-year extension options and provided for an initial rental rate of 9%, with consumer price-indexed increases, limited to a 2% floor and 5% ceiling annually thereafter. At December 31, 2014, these facilities had an average remaining lease term of approximately 17 years. In addition to the master lease, we hold a mortgage loan on four facilities owned by affiliates of Ernest that will mature in 2032. The terms and provisions of these loans are generally equivalent to the terms and provisions of the master lease agreement. Ernest represented 13.0% of our total assets at December 31, 2014 and 15.9% at December 31, 2013.

We completed our initial investment with respect to the Median transaction, including interim loans to Waterland and Median in aggregate amounts up to 425 million (\$531 million) in 2014. At December 31, 2014, Median represented 11.3% of our total assets.

No other tenant accounted for more than 10% of our total assets at December 31, 2014.

Environmental Matters

Under various federal, state and local environmental laws and regulations, a current or previous owner, operator or tenant of real estate may be required to remediate hazardous or toxic substance releases or threats of releases. There may also be certain obligations and liabilities on property owners with respect to asbestos containing materials. Investigation, remediation and monitoring costs may be substantial. The confirmed presence of contamination or the failure to properly remediate contamination on a property may adversely affect our ability to sell or rent that property or to borrow funds using such property as collateral and may adversely impact our investment in that property.

Generally, prior to completing any acquisition or closing any mortgage loan, we obtain Phase I environmental assessments (or their equivalent studies outside the United States) in order to attempt to identify potential environmental concerns at the facilities. These assessments are carried out in accordance with an appropriate level of due diligence and generally include a physical site inspection, a review of relevant environmental and health agency database records, one or more interviews with appropriate site-related personnel, review of the property's chain of title and review of historic aerial photographs and other information on past uses of the property. We may also conduct limited subsurface investigations and test for substances of concern where the results of the Phase I environmental assessments or other information indicates possible contamination or where our consultants recommend such procedures. Upon closing and for the remainder of the lease or loan term, our transaction documents require our tenants to repair and remediate any environmental concern at the applicable facility, and to comply in full with all environmental laws and regulations.

Table of Contents

Index to Financial Statements

California Seismic Standards

California's Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1973 (the Alquist Act) required that the California Building Standards Commission adopt earthquake performance categories, seismic evaluation procedures, standards and timeframes for upgrading certain facilities, and seismic retrofit building standards. These regulations required hospitals to meet certain seismic performance standards to ensure that they are capable of providing medical services to the public after an earthquake or other disaster. The Building Standards Commission completed its adoption of evaluation criteria and retrofit standards in 1998. The Alquist Act required the Building Standards Commission adopt certain evaluation criteria and retrofit standards such as:

- 1) hospitals in California must conduct seismic evaluations and submit these evaluations to the Office of Statewide Health Planning and Development (OSHPD), Facilities Development Division for its review and approval;
- 2) hospitals in California must identify the most critical nonstructural systems that represent the greatest risk of failure during an earthquake and submit timetables for upgrading these systems to the OSHPD, Facilities Development Division for its review and approval; and
- 3) hospitals in California must prepare a plan and compliance schedule for each regulated building demonstrating the steps a hospital will take to bring the hospital buildings into substantial compliance with the regulations and standards.

Within the past several years, engineering studies were conducted at our hospitals to determine whether and to what extent modifications to the hospital facilities will be required. These studies were commissioned by our tenants, and it was determined that, for some of our facilities, capital expenditures may be required in the future to comply with the seismic standards.

Since the original Alquist Act, several amendments have been adopted that have modified the requirements of seismic safety standards and deadlines for compliance. OSHPD implemented a voluntary program to re-evaluate the seismic risk of hospital buildings classified as Structural Performance Category (SPC-1). Buildings classified as SPC-1 are considered hazardous and at risk of collapse in the event of an earthquake and must have been retrofitted, replaced or removed from providing acute care services by January 1, 2013. Senate Bill 499 was signed into law in October 2009 that provides for a number of seismic relief measures, including reclassifying HAZUS, a state-of-the-art loss estimation methodology, thresholds, which will enable more SPC-1 buildings to be reclassified as SPC-2, a lower seismic risk category. The SPC-2 buildings would have until January 1, 2030 to comply with the structural seismic safety standards. Any buildings that are denied reclassification will remain in the SPC-1 category, and these buildings must have met seismic compliance standards by January 1, 2013, unless further extensions are granted. Furthermore, the AB 306 legislation permits OSHPD to grant an extension to acute care hospitals that lacked the financial capacity to meet the January 1, 2013 retrofit deadline, and instead, requires them to replace those buildings by January 1, 2020. More recently, SB 90 allows a hospital to seek an extension for seismic compliance for its SPC-1 buildings up to seven years based on three elements:

- 1) the structural integrity of the building;
- 2) the loss of essential hospital services to the community if the hospital is close; and
- 3) financial hardship.

At December 31, 2014, we have 13 facilities in California totaling investments of \$547.1 million. Exclusive of approved SB 90 extensions at four facilities, all of our California buildings are seismically compliant through 2030 as determined by OSHPD. For the four hospitals with SB 90 extensions, voluntary retrofit plans are underway and full compliance is expected. Under our current leases, our tenants are responsible for any capital expenditures in connection with seismic laws. Thus, we do not expect the California seismic standards to have a negative impact on our financial condition or cash flows. We also do not expect such compliance with California seismic standards to materially impact the financial condition of our tenants.

Table of Contents

Index to Financial Statements

Competition

We compete in acquiring and developing facilities with financial institutions, other lenders, real estate developers, healthcare operators, other REITs, other public and private real estate companies, and private real estate investors. Among the factors that may adversely affect our ability to compete are the following:

we may have less knowledge than our competitors of certain markets in which we seek to invest in or develop facilities;

some of our competitors may have greater financial and operational resources than we have;

some of our competitors may have lower costs of capital than we do;

our competitors or other entities may pursue a strategy similar to ours; and

some of our competitors may have existing relationships with our potential customers.

To the extent that we experience vacancies in our facilities, we will also face competition in leasing those facilities to prospective tenants. The actual competition for tenants varies depending on the characteristics of each local market. Virtually all of our facilities operate in highly competitive environments, and patients and referral sources, including physicians, may change their preferences for healthcare facilities from time to time. The operators of our properties compete on a local and regional basis with operators of properties that provide comparable services. Operators compete for patients and residents based on a number of factors including quality of care, reputation, physical appearance of a facility, location, services offered, physicians, staff, and price. We also face competition from other health care facilities for tenants, such as physicians and other health care providers that provide comparable facilities and services.

For additional information, see **Risk Factors** in Item 1A.

Insurance

Our leases and mortgage loans require the tenants to carry property, general liability, professional liability, loss of earnings and other insurance coverages and to name us as an additional insured under these policies. We monitor the adequacy of such coverages at least annually basis upon insurance renewal. In addition, we have separately purchased contingent general liability insurance, that provides coverage for bodily injury and property damage to third parties resulting from our ownership of the healthcare facilities that are leased to and occupied by our tenants, and contingent business interruption insurance. At December 31, 2014, we believe that the policy specifications and insured limits are appropriate given the relative risk of loss, the cost of the coverage, and industry practice.

Healthcare Regulatory Matters

The following discussion describes certain material federal healthcare laws and regulations that may affect our operations and those of our tenants. The discussion, however, does not address all applicable federal healthcare laws, and does not address state healthcare laws and regulations, except as otherwise indicated. These state laws and regulations, like the federal healthcare laws and regulations, could affect the operations of our tenants and, accordingly, our operations. In addition, in some instances we own a minority interest in our tenants' operations and, in addition to the effect on these tenants' ability to meet their financial obligations to us, our ownership and investment returns may also be negatively impacted by such laws and regulations. Moreover, the discussion relating to reimbursement for healthcare services addresses matters that are subject to frequent review and revision by Congress and the agencies responsible for administering federal payment programs. Consequently, predicting future reimbursement trends or changes, along with the potential impact to us, is inherently difficult.

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Ownership and operation of hospitals and other healthcare facilities are subject, directly and indirectly, to substantial federal, state, and local government healthcare laws, rules, and regulations. Our tenants' failure to comply with these laws and regulations could adversely affect their ability to meet their obligations to us.

Table of Contents**Index to Financial Statements**

Physician investment in us or in our facilities also will be subject to such laws and regulations. Although we are not a healthcare provider or in a position to influence the referral of patients or ordering of items and services reimbursable by the federal government, to the extent that a healthcare provider engages in transactions with our tenants, such as sublease or other financial arrangements, the Anti-Kickback Statute and the Stark Law (both discussed in this section) could be implicated. Our leases and mortgage loans require the tenants to comply with all applicable laws, including healthcare laws. We intend for all of our business activities and operations to conform in all material respects with all applicable laws, rules, and regulations, including healthcare laws, rules, and regulations.

Applicable Laws

Anti-Kickback Statute. The federal Anti-Kickback Statute (codified at 42 U.S.C. § 1320a-7b(b)) prohibits, among other things, the offer, payment, solicitation, or acceptance of remuneration, directly or indirectly, in return for referring an individual to a provider of items or services for which payment may be made in whole, or in part, under a federal healthcare program, including the Medicare or Medicaid programs. Violation of the Anti-Kickback Statute is a crime, punishable by fines of up to \$25,000 per violation, five years imprisonment, or both. Violations may also result in civil sanctions, including civil monetary penalties of up to \$50,000 per violation, exclusion from participation in federal healthcare programs, including Medicare and Medicaid, and additional monetary penalties in amounts treble to the underlying remuneration.

The Office of Inspector General of the Department of Health and Human Services (*OIG*) has issued *Safe Harbor Regulations* that describe practices that will not be considered violations of the Anti-Kickback Statute. Nonetheless, the fact that a particular arrangement does not meet safe harbor requirements does not also mean that the arrangement violates the Anti-Kickback Statute. Rather, the safe harbor regulations simply provide a guaranty that qualifying arrangements will not be prosecuted under the Anti-Kickback Statute. We intend to use commercially reasonable efforts to structure our arrangements involving facilities in which referring physicians are investors and tenants, and other arrangements with physicians, so as to satisfy, or meet as closely as possible, safe harbor conditions. We cannot assure you, however, that we will meet all the conditions for the safe harbor.

Physician Self-Referral Statute (Stark Law). Any physicians investing in us or our subsidiary entities could also be subject to the Ethics in Patient Referrals Act of 1989, or the Stark Law (codified at 42 U.S.C. § 1395nn). Unless subject to an exception, the Stark Law prohibits a physician from making a referral to an entity furnishing designated health services, including inpatient and outpatient hospital services, clinical laboratory services and radiology services, paid by Medicare or Medicaid if the physician or a member of his immediate family has a financial relationship with that entity. A reciprocal prohibition bars the entity from billing Medicare or Medicaid for any services furnished pursuant to a prohibited referral. Sanctions for violating the Stark Law include denial of payment, refunding amounts received for services provided pursuant to prohibited referrals, civil monetary penalties of up to \$15,000 per prohibited service provided, and exclusion from the participation in federal healthcare programs. The statute also provides for a penalty of up to \$100,000 for a circumvention scheme.

There are exceptions to the self-referral prohibition for many of the customary financial arrangements between physicians and providers, including employment contracts, leases, and recruitment agreements. Unlike safe harbors under the Anti-Kickback Statute, the Stark Law imposes strict liability and an arrangement must comply with every requirement of a Stark Law exception or the arrangement is in violation of the Stark Law.

Centers for Medicare and Medicaid Services (*CMS*) has issued multiple phases of final regulations implementing the Stark Law and continues to make changes to these regulations. While these regulations help clarify the exceptions to the Stark Law, it is unclear how the government will interpret many of these exceptions for enforcement purposes. Although our lease agreements require lessees to comply with the Stark Law, and we intend for facilities to comply with the Stark Law where we own an interest in our tenants operations, we cannot offer assurance that the arrangements entered into by us and our facilities will be found to be in compliance with the Stark Law, as it ultimately may be implemented or interpreted.

Table of Contents**Index to Financial Statements**

False Claims Act. The federal False Claims Act prohibits the making or presenting of any false claim for payment to the federal government; it is the civil equivalent to federal criminal provisions prohibiting the submission of false claims to federally funded programs. Additionally, *qui tam*, or whistleblower, provisions of the federal False Claims Act allow private individuals to bring actions on behalf of the government alleging that the defendant has defrauded the federal government. Whistleblowers may collect a portion of the government's recovery—an incentive which increases the frequency of such actions. A successful False Claims Act case may result in a penalty of three times actual damages, plus additional civil penalties payable to the government, plus reimbursement of the fees of counsel for the whistleblower. Many states have enacted similar statutes preventing the presentation of a false claim to a state government, and we expect more to do so because the Social Security Act provides a financial incentive for states to enact statutes establishing state level liability.

The Civil Monetary Penalties Law. Among other things, the Civil Monetary Penalties law prohibits the knowing presentation of a claim for certain healthcare services that is false or fraudulent, the presentation of false or misleading information in connection with claims for payment, and other acts involving fraudulent conduct. Penalties include a monetary civil penalty of up to \$10,000 for each item or service, \$15,000 for each individual with respect to whom false or misleading information was given, as well as treble damages for the total amount of remuneration claimed.

Licensure. The tenant operators of the healthcare facilities in our portfolio are subject to extensive federal, state, and local licensure, certification, and inspection laws and regulations including, in some cases, certificate of need laws. Further, various licenses and permits are required to dispense narcotics, operate pharmacies, handle radioactive materials, and operate equipment. Failure to comply with any of these laws could result in loss of licensure, certification or accreditation, denial of reimbursement, imposition of fines, and suspension or decertification from federal and state healthcare programs.

EMTALA. All of our healthcare facilities that provide emergency care are subject to the Emergency Medical Treatment and Active Labor Act (EMTALA). This federal law requires such facilities to conduct an appropriate medical screening examination of every individual who presents to the hospital's emergency room for treatment and, if the individual is suffering from an emergency medical condition, to either stabilize the condition or make an appropriate transfer of the individual to a facility able to handle the condition. The obligation to screen and stabilize emergency medical conditions exists regardless of an individual's ability to pay for treatment. There are severe penalties under EMTALA if a hospital fails to screen or appropriately stabilize or transfer an individual or if the hospital delays appropriate treatment in order to first inquire about the individual's ability to pay. Liability for violations of EMTALA includes, among other things, civil monetary penalties and exclusion from participation in the federal healthcare programs. Our lease and mortgage loan agreements require our tenants to comply with EMTALA, and we believe our tenants conduct business in substantial compliance with EMTALA.

Reimbursement Pressures. Healthcare facility operating margins face significant pressure due to the deterioration in pricing flexibility and payor mix, increases in operating expenses that exceed increases in payments under the Medicare program, and reductions in levels of Medicaid funding due to state budget shortfalls.

Further, long term acute care hospitals (LTACHs), which account for a significant percentage of our tenants, are subject to reimbursement pressure resulting from the passage of the SGR Reform Act of 2013 (the SGR Act) in December 2013. The SGR Act impacts the provision of, and payment for, services provided by LTACHs to Medicare beneficiaries. As of October 1, 2014, the SGR Act imposes new criteria for LTACHs to be paid under the LTACH prospective payment system rather than the acute inpatient prospective payment system, or IPPS, rate. This site-neutral payment rate provides that LTACHs are reimbursed at the rate otherwise paid under the IPPS unless the patient has met certain qualifications. Payment at the IPPS rate results in reduced reimbursement. The SGR Act also delays full implementation of the so-called 25% rule for three years, through fiscal year 2017. Under the 25% rule, if an LTACH admits more than the specified percentage of its

Table of Contents

Index to Financial Statements

patients from a single acute care hospital during a fiscal year, it will be paid at a rate comparable to the IPPS rate for patients above the specified percentage. Finally, as of January 1, 2015, the moratorium on establishing or increasing LTACH beds was reinstated, and the moratorium now extends through September 30, 2017.

We cannot predict how and to what extent these or other initiatives will impact the business of our tenants, or whether our business will be adversely impacted.

Healthcare Reform. Though we have not provided a detailed discussion of the Patient Protection and Affordable Care Act (the Reform Law), generally, the Reform Law provides expanded health insurance coverage through tax subsidies and federal health insurance programs, individual and employer mandates for health insurance coverage, and health insurance exchanges. The Reform Law also includes various cost containment initiatives, including quality control and payment system refinements for federal programs, such as pay-for-performance criteria and value-based purchasing programs, bundled provider payments, accountable care organizations, geographic payment variations, comparative effectiveness research, and lower payments for hospital readmissions. The Reform Law also increases health information technology standards for healthcare providers in an effort to improve quality and reduce costs. The Reform Law has led, and will continue to lead, to significant changes in the healthcare system. We cannot predict the continued impact of the Reform Law on our business, as some aspects benefit the operations of our tenants, while other aspects present challenges.

Our principal executive offices are located at 1000 Urban Center Drive, Suite 501, Birmingham, Alabama 35242. Our telephone number is (205) 969-3755. Medical Properties Trust, Inc. was incorporated under Maryland law on August 27, 2003, and MPT Operating Partnership, L.P. was formed under Delaware law on September 10, 2003. Medical Properties Trust, Inc. has operated as a REIT since April 6, 2004, and accordingly, elected REIT status upon the filing of its calendar year 2004 United States federal income tax return.

Employees

We have 45 employees as of February 26, 2015. As we continue to grow, we would expect our head count to increase as well. However, we do not believe that any adjustments to the number of employees will have a material effect on our operations or to general and administrative expenses as a percent of revenues. We believe that our relations with our employees are good. None of our employees are members of any union.

Available Information

Our website address is www.medicalpropiertiestrust.com and provides access in the Investor Relations section, free of charge, to our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, including exhibits, and all amendments to these reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. Also available on our website, free of charge, are our Corporate Governance Guidelines, the charters of our Ethics, Nominating and Corporate Governance, Audit and Compensation Committees and our Code of Ethics and Business Conduct. If you are not able to access our website, the information is available in print free of charge to any stockholder who should request the information directly from us at (205) 969-3755. Information on or connected to our website is neither part of nor incorporated by reference into this Annual Report or any other SEC filings.

ITEM 1A. Risk Factors

The risks and uncertainties described herein are not the only ones facing us and there may be additional risks that we do not presently know of or that we currently consider not likely to have a significant impact on us. All of these risks could adversely affect our business, results of operations and financial condition. Some statements in this report including statements in the following risk factors constitute forward-looking statements. Please refer to the section entitled Cautionary Language Regarding Forward Looking Statements at the beginning of this Annual Report.

Table of Contents

Index to Financial Statements

RISKS RELATED TO OUR BUSINESS AND GROWTH STRATEGY (Including Financing Risks)

Limited access to capital may restrict our growth.

Our business plan contemplates growth through acquisitions and development of facilities. As a REIT, we are required to make cash distributions, which reduce our ability to fund acquisitions and developments with retained earnings. We are dependent on acquisition financing and access to the capital markets for cash to make investments in new facilities. Due to market or other conditions, we may have limited access to capital from the equity and debt markets. We may not be able to obtain additional equity or debt capital or dispose of assets on favorable terms, if at all, at the time we need additional capital to acquire healthcare properties or to meet our obligations, which could have a material adverse effect on our results of operations and our ability to make distributions to our stockholders.

Our indebtedness could adversely affect our financial condition and may otherwise adversely impact our business operations and our ability to make distributions to stockholders.

As of February 26, 2015, we had \$1.9 billion of debt outstanding.

Our indebtedness could have significant effects on our business. For example, it could:

require us to use a substantial portion of our cash flow from operations to service our indebtedness, which would reduce the available cash flow to fund working capital, development projects and other general corporate purposes and reduce cash for distributions;

require payments of principal and interest that may be greater than our cash flow from operations;

force us to dispose of one or more of our properties, possibly on disadvantageous terms, to make payments on our debt;

increase our vulnerability to general adverse economic and industry conditions; limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

restrict us from making strategic acquisitions or exploiting other business opportunities;

make it more difficult for us to satisfy our obligations; and

place us at a competitive disadvantage compared to our competitors that have less debt.

Our future borrowings under our loan facilities may bear interest at variable rates in addition to the \$718.5 million in variable interest rate debt (excluding any debt we have fixed with interest rate swaps) that we had outstanding as of December 31, 2014. If interest rates increase significantly, our operating results would decline along with the cash available for distributions to our stockholders.

In addition, most of our current debt is, and we anticipate that much of our future debt will be, non-amortizing and payable in balloon payments. Therefore, we will likely need to refinance at least a portion of that debt as it matures. Although we have no significant debt maturities in 2015, there is a risk that we may not be able to refinance debt maturing in future years or that the terms of any refinancing will not be as favorable as the terms of the then-existing debt. If principal payments due at maturity cannot be refinanced, extended or repaid with proceeds from other sources, such as new equity capital or sales of facilities, our cash flow may not be sufficient to repay all maturing debt in years when significant balloon payments come due. Additionally, we may incur significant penalties if we choose to prepay the debt. See Item 7 of Part II of this Form 10-K for further information on debt maturities.

Table of Contents

Index to Financial Statements

Covenants in our debt instruments limit our operational flexibility, and a breach of these covenants could materially affect our financial condition and results of operations.

The terms of our unsecured credit facility and the indentures governing our outstanding unsecured senior notes, and other debt instruments that we may enter into in the future are subject to customary financial and operational covenants. For example, our unsecured credit facility imposes certain restrictions on us, including restrictions on our ability to: incur debts; create or incur liens; provide guarantees in respect of obligations of any other entity; make redemptions and repurchases of our capital stock; prepay, redeem or repurchase debt; engage in mergers or consolidations; enter into affiliated transactions; dispose of real estate; and change our business. In addition, the agreements governing our unsecured credit facility limit the amount of dividends we can pay as a percentage of normalized adjusted funds from operations, as defined, on a rolling four quarter basis. Through the quarter ending December 31, 2014, the dividend restriction was 95% of normalized adjusted FFO. The indentures governing our senior unsecured notes also limit the amount of dividends we can pay based on the sum of 95% of funds from operations, proceeds of equity issuances and certain other net cash proceeds. Finally, our senior unsecured notes require us to maintain total unencumbered assets (as defined in the related indenture) of not less than 150% of our unsecured indebtedness.

Our continued ability to incur debt and operate our business is subject to compliance with the covenants in our debt instruments, which limit operational flexibility. Breaches of these covenants could result in defaults 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 a breach of any of these covenants in our debt instruments, could have a material adverse effect on our financial condition and results of operations.

Failure to hedge effectively against interest rate changes may adversely affect our results of operations and our ability to make distributions to our stockholders.

Excluding our 2006 senior unsecured notes, as of February 26, 2015, we had \$416.5 million in variable interest rate debt, which constitutes 22% of our overall indebtedness and subjects us to interest rate volatility. We may seek to manage our exposure to interest rate volatility by using interest rate hedging arrangements, such as the \$125.0 million of interest rate swaps entered into in 2010 to fix the interest rate on our 2006 senior unsecured notes. However, even these hedging arrangements involve risk, including the risk that counterparties may fail to honor their obligations under these arrangements, that these arrangements may not be effective in reducing our exposure to interest rate changes and that these arrangements may result in higher interest rates than we would otherwise have. Moreover, no hedging activity can completely insulate us from the risks associated with changes in interest rates. Failure to hedge effectively against interest rate changes may materially adversely affect our results of operations and our ability to make distributions to our stockholders.

Dependence on our tenants for payments of rent and interest may adversely impact our ability to make distributions to our stockholders.

We expect to continue to qualify as a REIT and, accordingly, as a REIT operating in the healthcare industry, we are severely limited by current tax law with respect to our ability to operate or manage the businesses conducted in our facilities.

Accordingly, we rely heavily on rent payments from our tenants under leases or interest payments from operators under mortgage or other loans for cash with which to make distributions to our stockholders. We have no control over the success or failure of these tenants' businesses. Significant adverse changes in the operations of our facilities, or the financial condition of our tenants, operators or guarantors, could have a material adverse effect on our ability to collect rent and interest payments and, accordingly, on our ability to make distributions to our stockholders. Facility management by our tenants and their compliance with healthcare and other laws could have a material impact on our tenants' operating and financial condition and, in turn, their ability to pay rent and interest to us.

Table of Contents

Index to Financial Statements

It may be costly to replace defaulting tenants and we may not be able to replace defaulting tenants with suitable replacements on suitable terms.

Failure on the part of a tenant to comply materially with the terms of a lease could give us the right to terminate our lease with that tenant, repossess the applicable facility, cross default certain other leases and loans with that tenant and enforce the payment obligations under the lease. The process of terminating a lease with a defaulting tenant and repossessing the applicable facility may be costly and require a disproportionate amount of management's attention. In addition, defaulting tenants or their affiliates may initiate litigation in connection with a lease termination or repossession against us or our subsidiaries. If a tenant-operator defaults and we choose to terminate our lease, we are then required to find another tenant-operator, such as the case was with our Monroe facility in 2014. The transfer of most types of healthcare facilities is highly regulated, which may result in delays and increased costs in locating a suitable replacement tenant. The sale or lease of these properties to entities other than healthcare operators may be difficult due to the added cost and time of refitting the properties. If we are unable to re-let the properties to healthcare operators, we may be forced to sell the properties at a loss due to the repositioning expenses likely to be incurred by non-healthcare purchasers. Alternatively, we may be required to spend substantial amounts to adapt the facility to other uses. There can be no assurance that we would be able to find another tenant in a timely fashion, or at all, or that, if another tenant were found, we would be able to enter into a new lease on favorable terms. Defaults by our tenants under our leases may adversely affect our results of operations, financial condition, and our ability to make distributions to our stockholders. Defaults by our significant tenants under master leases (like Prime, Ernest, RHM and Median) will have an even greater effect.

It may be costly to find new tenants when lease terms end and we may not be able to replace such tenants with suitable replacements on suitable terms.

Failure on the part of a tenant to renew or extend the lease at the end of its fixed term on one of our facilities could result in us having to search for, negotiate with and execute new lease agreements, such as the case with our two South Carolina facilities—Bennettsville and Cheraw. The process of finding and negotiating with a new tenant along with costs (such as maintenance, property taxes, utilities, etc.) that we will incur while the facility is untenantable may be costly and require a disproportionate amount of management's attention. There can be no assurance that we would be able to find another tenant in a timely fashion, or at all, or that, if another tenant were found, we would be able to enter into a new lease on favorable terms. If we are unable to re-let the properties to healthcare operators, we may be forced to sell the properties at a loss due to the repositioning expenses likely to be incurred by non-healthcare purchasers. Alternatively, we may be required to spend substantial amounts to adapt the facility to other uses. Thus, the non-renewal or extension of leases may adversely affect our results of operations, financial condition, and our ability to make distributions to our stockholders. This risk is even greater for those properties under master leases (like Prime and Ernest) because several properties have the same lease ending dates.

We have made investments in the operators of certain of our healthcare facilities and the cash flows (and related returns) from these investments are subject to more volatility than our properties with the traditional triple-net leasing structure.

Through December 31, 2014, we have made eleven investments in the operations of certain of our healthcare facilities by utilizing RIDEA investments. These RIDEA investments include profits interest, equity investments, and equity like loans that generate returns dependent upon the operator's performance. As a result, the cash flow and returns from these RIDEA investments may be more volatile than that of our traditional triple-net leasing structure. Our business, results of operations, and financial condition may be adversely affected if the related operators fail to successfully operate the facilities efficiently and in a manner that is in our best interest.

Table of Contents

Index to Financial Statements

We have limited experience with healthcare facilities in Germany, United Kingdom or anywhere else outside the United States.

We have limited experience investing in healthcare properties or other real estate-related assets located outside the United States. Investing in real estate located in foreign countries, including Germany and the United Kingdom, creates risks associated with the uncertainty of foreign laws and markets including, without limitation, laws respecting foreign ownership, the enforceability of loan and lease documents and foreclosure laws. German real estate and tax laws are complex and subject to change, and we cannot assure you we will always be in compliance with those laws or that compliance will not expose us to additional expense. The properties we acquired in connection with the RHM Portfolio Acquisition and the Median Acquisition (as more fully described in Note 3 to Item 8 of this Form 10-K) will also face risks in connection with unexpected changes in German or European regulatory requirements, political and economic instability, potential imposition of adverse or confiscatory taxes, possible challenges to the anticipated tax treatment of the structures that allow us to acquire and hold investments, possible currency transfer restrictions, the difficulty in enforcing obligations in other countries and the burden of complying with a wide variety of foreign laws. In addition, to qualify as a REIT, we generally will be required to operate any non-U.S. investments in accordance with the rules applicable to U.S. REITs, which may be inconsistent with local practices. We may also be subject to fluctuations in German real estate values or markets or the German and European economy as a whole, which may adversely affect our German and any other European investments.

In addition, the rents payable under our leases of foreign assets are payable in either euros or British pounds, which could expose us to losses resulting from fluctuations in exchange rates to the extent we have not hedged our position, which in turn could adversely affect our revenues, operating margins and dividends, and may also affect the book value of our assets and the amount of stockholders' equity. Further, any international currency gain recognized with respect to changes in exchange rates may not qualify under the 75% gross income test that we must satisfy annually in order to qualify and maintain our status as a REIT. Although we expect to hedge some of our foreign currency risk, we may not be able to do so successfully and may incur losses on our investments as a result of exchange rate fluctuations. Furthermore, we are subject to laws and regulations, such as the Foreign Corrupt Practices Act and similar local anti-bribery laws, that generally prohibit companies and their employees, agents and contractors from making improper payments to governmental officials for the purpose of obtaining or retaining business. Failure to comply with these laws could subject us to civil and criminal penalties that could materially adversely affect our results of operations, the value of our international investments, and our ability to make distributions to our stockholders.

Our revenues are dependent upon our relationship with, and success of, our significant tenants.

As of December 31, 2014, our real estate portfolio included 132 healthcare properties in 27 states and in Germany and the United Kingdom of which 115 facilities were leased to 27 hospital operating companies and eight of the investments were in the form of mortgage loans. Affiliates of Prime leased or mortgaged 17 facilities, representing 20.0% of our total assets as of December 31, 2014. Total revenues from Prime were \$84.0 million, or 26.9% of our total revenue for the year ended December 31, 2014. Affiliates of Ernest leased or mortgaged 22 facilities, representing 13.0% of our total assets as of December 31, 2014. Total revenues from Ernest were \$57.3 million, or 18.3% of our total revenue for the year ended December 31, 2014.

In addition, affiliates of Waterland Private Equity Investments B.V. control RHM, the operator and lessee of 14 German facilities that we currently own, and Median, the operator and lessee of the 40 German facilities we expect to acquire via sale leaseback transactions in early 2015. Waterland has announced its intent to merge RHM and Median during the course of 2015. Pro forma for the merger, and after giving effect to the Median sale leaseback transactions (assuming full funding of our remaining development commitments), the combined Median-RHM portfolio will represent approximately 27% of our portfolio by investment amount.

Table of Contents

Index to Financial Statements

Our relationships with our significant tenants, and their financial performance and resulting ability to satisfy their lease and loan obligations to us are material to our financial results and our ability to service our debt and make distributions to our stockholders. We are dependent upon the ability of our significant tenants to make rent and loan payments to us, and their failure or delay to meet these obligations could have a material adverse effect on our financial condition and results of operations. In addition, we are dependent on Ernest's financial performance and future cash flows to avoid any impairment on our \$96.5 million of RIDEA investments in them. For additional discussion of risks relating to our tenants' operations and obligations to comply with applicable industry laws, rules and regulations, see Risks Relating to the Healthcare Industry below.

We have now, and may have in the future, exposure to contingent rent escalators, which could hinder our growth and profitability.

We receive a significant portion of our revenues by leasing assets under long-term triple-net leases that generally provide for fixed rental rates subject to annual escalations. These annual escalations may be contingent on changes in the consumer price index, CPI, typically with specified caps and floors. Certain of our other leases may provide for additional rents contingent upon a percentage of the tenant's revenues in excess of specified threshold. If, as a result of weak economic conditions or other factors, the CPI does not increase or the properties subject to these leases do not generate sufficient revenue to achieve the specified threshold, our growth and profitability may be hindered by these leases. In addition, if strong economic conditions result in significant increases in CPI, but the escalations under our leases are capped, our growth and profitability may be limited.

The bankruptcy or insolvency of our tenants or investees could harm our operating results and financial condition.

Some of our tenants/investees are, and some of our prospective tenants/investees may be, newly organized, have limited or no operating history and may be dependent on loans from us to acquire the facility's operations and for initial working capital. Any bankruptcy filings by or relating to one of our tenants/investees could bar us from collecting pre-bankruptcy debts from that tenant or their property, unless we receive an order permitting us to do so from the bankruptcy court. A tenant bankruptcy can be expected to delay our efforts to collect past due balances under our leases and loans, and could ultimately preclude collection of these sums. If a lease is assumed by a tenant in bankruptcy, we expect that all pre-bankruptcy balances due under the lease would be paid to us in full. However, if a lease is rejected by a tenant in bankruptcy, we would have only a general unsecured claim for damages. Any secured claims we have against our tenants may only be paid to the extent of the value of the collateral, which may not cover any or all of our losses. Any unsecured claim (such as our equity interests in our tenants) we hold against a bankrupt entity may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims. We may recover none or substantially less than the full value of any unsecured claims, which would harm our financial condition.

At December 31, 2014, we had two facilities in which the tenant was still working through the bankruptcy process. These two tenants are current on their rental obligations through February 2015; however, no assurances can be made that we will not incur loss revenues on these properties in future periods.

Our business is highly competitive and we may be unable to compete successfully.

We compete for development opportunities and opportunities to purchase healthcare facilities with, among others:

private investors, including large private equity funds;

healthcare providers, including physicians;

other REITs;

real estate developers;

government-sponsored and/or not-for-profit agencies;

Table of Contents

Index to Financial Statements

financial institutions; and

other lenders.

Some of these competitors may have substantially greater financial and other resources than we have and may have better relationships with lenders and sellers. Competition for healthcare facilities from competitors may adversely affect our ability to acquire or develop healthcare facilities and the prices we pay for those facilities. If we are unable to acquire or develop facilities or if we pay too much for facilities, our revenue, earnings growth and financial return could be materially adversely affected. Certain of our facilities, or facilities we may acquire or develop in the future will face competition from other nearby facilities that provide services comparable to those offered at our facilities. Some of those facilities are owned by governmental agencies and supported by tax revenues, and others are owned by tax-exempt corporations and may be supported to a large extent by endowments and charitable contributions. Those types of support are not generally available to our facilities. In addition, competing healthcare facilities located in the areas served by our facilities may provide healthcare services that are not available at our facilities and additional facilities we may acquire or develop. From time to time, referral sources, including physicians and managed care organizations, may change the healthcare facilities to which they refer patients, which could adversely affect our tenants and thus our rental revenues, interest income, and/or our earnings from equity investments.

Most of our current tenants have, and prospective tenants may have, an option to purchase the facilities we lease to them which could disrupt our operations.

Most of our current tenants have, and some prospective tenants will have, the option to purchase the facilities we lease to them. There is no assurance that the formulas we have developed for setting the purchase price will yield a fair market value purchase price.

In the event our tenants and prospective tenants determine to purchase the facilities they lease either during the lease term or after their expiration, the timing of those purchases will be outside of our control and we may not be able to re-invest the capital on as favorable terms, or at all. Our inability to effectively manage the turn-over of our facilities could materially adversely affect our ability to execute our business plan and our results of operations.

We have 90 leased properties that are subject to purchase options as of December 31, 2014. For 76 of these properties, the purchase option generally allows the lessee to purchase the real estate at the end of the lease term, as long as no default has occurred, at a price equivalent to the greater of (i) fair market value or (ii) our original purchase price (increased, in some cases, by a certain annual rate of return from lease commencement date). The lease agreements provide for an appraisal process to determine fair market value. For 11 of these properties, the purchase option generally allows the lessee to purchase the real estate at the end of the lease term, as long as no default has occurred, at our purchase price (increased, in some cases, by a certain annual rate of return from lease commencement date). For the remaining three leases, the purchase options approximate fair value. At December 31, 2014, none of our leases contained any bargain purchase options.

In certain circumstances, a prospective purchaser of our hospital real estate may be deemed to be subject to Anti-Kickback and Stark statutes, which are described on page 11 of this 2014 Form 10-K. In such event, it may not be practicable for us to sell property to such prospective purchasers at prices other than fair market value.

We may not be able to adapt our management and operational systems to manage the net-leased facilities we have acquired or are developing or those that we may acquire or develop in the future without unanticipated disruption or expense.

There is no assurance that we will be able to adapt our management, administrative, accounting and operational systems, or hire and retain sufficient operational staff, to manage the facilities we have acquired and those that we may acquire or develop, including those properties located in Europe or any future investments

Table of Contents

Index to Financial Statements

outside the United States. Our failure to successfully manage our current portfolio of facilities or any future acquisitions or developments could have a material adverse effect on our results of operations and financial condition and our ability to make distributions to our stockholders.

Merger and acquisition activity or consolidation in the healthcare industry may result in a change of control of, or a competitor's investment in, one or more of our tenants or operators, which could have a material adverse effect on us.

The healthcare industry has recently experienced increased consolidation, including among owners of real estate and healthcare providers. We compete with other healthcare REITs, healthcare providers, healthcare lenders, real estate partnerships, banks, insurance companies, private equity firms and other investors that pursue a variety of investments, which may include investments in our tenants or operators. We have historically developed strong, long-term relationships with many of our tenants and operators. A competitor's investment in one of our tenants or operators, any change of control of a tenant or operator, or a change in the tenant's or operator's management team could enable our competitor to influence or control that tenant's or operator's business and strategy in a manner that impairs our relationship with the tenant or operator or is otherwise adverse to our interests, or that could adversely affect the tenant's or operator's financial and operational performance and their ability to pay us rent or interest, any of which could have a material adverse effect on us. Depending on our contractual agreements and the specific facts and circumstances, we may have consent rights, termination rights, remedies upon default or other rights and remedies related to a competitor's investment in, a change of control of, or other transactions impacting a tenant or operator. In deciding whether to exercise our rights and remedies, including termination rights or remedies upon default, we assess numerous factors, including legal, contractual, regulatory, business and other relevant considerations.

We depend on key personnel, the loss of any one of whom may threaten our ability to operate our business successfully.

We depend on the services of Edward K. Aldag, Jr., R. Steven Hamner, and Emmett E. McLean to carry out our business and investment strategy. If we were to lose any of these executive officers, it may be more difficult for us to locate attractive acquisition targets, complete our acquisitions and manage the facilities that we have acquired or developed. Additionally, as we expand, we will continue to need to attract and retain additional qualified officers and employees. The loss of the services of any of our executive officers, or our inability to recruit and retain qualified personnel in the future, could have a material adverse effect on our business and financial results.

The market price and trading volume of our common stock may be volatile.

The market price of our common stock may be highly volatile and be subject to wide fluctuations. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. If the market price of our common stock declines significantly, you may be unable to resell your shares at or above your purchase price.

We cannot assure you that the market price of our common stock will not fluctuate or decline significantly in the future. Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our common stock include:

actual or anticipated variations in our quarterly operating results or distributions;

changes in our funds from operations or earnings estimates or publication of research reports about us or the real estate industry;

increases in market interest rates that lead purchasers of our shares of common stock to demand a higher yield;

changes in market valuations of similar companies;

Table of Contents

Index to Financial Statements

adverse market reaction to any increased indebtedness we incur in the future;

additions or departures of key management personnel;

actions by institutional stockholders;

local conditions such as an oversupply of, or a reduction in demand for, rehabilitation hospitals, long-term acute care hospitals, ambulatory surgery centers, medical office buildings, specialty hospitals, skilled nursing facilities, regional and community hospitals, women's and children's hospitals and other single-discipline facilities;

speculation in the press or investment community; and

general market and economic conditions.

Future sales of common stock may have adverse effects on our stock price.

We cannot predict the effect, if any, of future sales of common stock, or the availability of shares for future sales, on the market price of our common stock. Sales of substantial amounts of common stock, or the perception that these sales could occur, may adversely affect prevailing market prices for our common stock. We may issue from time to time additional common stock or units of our operating partnership in connection with the acquisition of facilities and we may grant additional demand or piggyback registration rights in connection with these issuances. Sales of substantial amounts of common stock or the perception that these sales could occur may adversely affect the prevailing market price for our common stock. In addition, the sale of these shares could impair our ability to raise future capital through a sale of additional equity securities.

Downgrades in our credit ratings could have a material adverse effect on our cost and availability of capital

As of February 26, 2015, our corporate credit rating from Standard and Poor's Ratings Service was BB+, and our corporate family rating from Moody's Investors Service was Ba1. There can be no assurance that we will be able to maintain our current credit ratings. Any downgrades in terms of ratings or outlook by any or all of the rating agencies could have a material adverse effect on our cost and availability of capital, which could in turn have a material adverse effect on our financial condition and results of operations.

An increase in market interest rates may have an adverse effect on the market price of our securities.

One of the factors that investors may consider in deciding whether to buy or sell our securities is our distribution rate as a percentage of our price per share of common stock, relative to market interest rates. If market interest rates increase, prospective investors may desire a higher distribution on our securities or seek securities paying higher distributions. The market price of our common stock likely will be based primarily on the earnings that we derive from rental and interest income with respect to our facilities and our related distributions to stockholders, and not from the underlying appraised value of the facilities themselves. As a result, interest rate fluctuations and capital market conditions can affect the market price of our common stock. In addition, rising interest rates would result in increased interest expense on our variable-rate debt, thereby adversely affecting cash flow and our ability to service our indebtedness and make distributions.

Ownership of property outside the United States may subject us to a different or greater risk than those associated with our domestic operations.

We currently have operations in Europe. International development, ownership, and operating activities involve risks that are different from those we face with respect to our domestic properties and operations. These risks include, but are not limited to, currency fluctuations; changes in foreign political, regulatory, and economic conditions; challenges in managing international operations (including the use of third-parties in providing accounting, legal, and other administrative functions); challenges of complying with a wide variety of foreign laws and regulations;

foreign ownership restrictions with respect to operations in countries; and changes in

Table of Contents

Index to Financial Statements

applicable laws and regulations in the United States that affect foreign operations. If we are unable to successfully manage the risks associated with international expansion and operations, our results of operations and financial condition may be adversely affected.

Changes in currency exchange rates may subject us to risk.

As our operations have expanded internationally where the U.S. dollar is not the denominated currency, currency exchange rate fluctuations could affect our results of operations and financial position. A significant change in the value of the foreign currency of one or more countries where we have a significant investment may have a material adverse effect on our financial position, debt covenant ratios, results of operations and cash flow.

Although we may enter into foreign exchange agreements with financial institutions and/or obtain local currency mortgage debt in order to reduce our exposure to fluctuations in the value of foreign currencies, we cannot assure you that foreign currency fluctuations will not have a material adverse effect on us.

RISKS RELATING TO REAL ESTATE INVESTMENTS

Our real estate, mortgage, and RIDEA investments are and are expected to continue to be concentrated in a single industry segment, making us more vulnerable economically than if our investments were more diversified.

We acquire, develop, and make mortgage investments in healthcare real estate. In addition, we selectively make RIDEA investments in healthcare operators. We are subject to risks inherent in concentrating investments in real estate. The risks resulting from a lack of diversification become even greater as a result of our business strategy to invest solely in healthcare facilities. A downturn in the real estate industry could materially adversely affect the value of our facilities. A downturn in the healthcare industry could negatively affect our tenants ability to make lease or loan payments to us as well as our return on our RIDEA investments. Consequently, our ability to meet debt service obligations or make distributions to our stockholders are dependent on the real estate and healthcare industries. These adverse effects could be more pronounced than if we diversified our investments outside of real estate or outside of healthcare facilities.

Our facilities may not have efficient alternative uses, which could impede our ability to find replacement tenants in the event of termination or default under our leases.

All of the facilities in our current portfolio are and all of the facilities we expect to acquire or develop in the future will be net-leased healthcare facilities. If we or our tenants terminate the leases for these facilities or if these tenants lose their regulatory authority to operate these facilities, we may not be able to locate suitable replacement tenants to lease the facilities for their specialized uses. Alternatively, we may be required to spend substantial amounts to adapt the facilities to other uses. Any loss of revenues or additional capital expenditures occurring as a result could have a material adverse effect on our financial condition and results of operations and could hinder our ability to meet debt service obligations or make distributions to our stockholders.

Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our facilities and harm our financial condition.

Real estate investments are relatively illiquid. Additionally, the real estate market is affected by many factors beyond our control, including adverse changes in global, national, and local economic and market conditions and the availability, costs and terms of financing. Our ability to quickly sell or exchange any of our facilities in response to changes in economic and other conditions will be limited. No assurances can be given that we will recognize full value for any facility that we are required to sell for liquidity reasons. Our inability to respond rapidly to changes in the performance of our investments could adversely affect our financial condition and results of operations.

Table of Contents

Index to Financial Statements

Development and construction risks could adversely affect our ability to make distributions to our stockholders.

We have developed and constructed facilities in the past and are currently developing eleven facilities. We will develop additional facilities in the future as opportunities present themselves. Our development and related construction activities may subject us to the following risks:

we may have to compete for suitable development sites;

our ability to complete construction is dependent on there being no title, environmental or other legal proceedings arising during construction;

we may be subject to delays due to weather conditions, strikes and other contingencies beyond our control;

we may be unable to obtain, or suffer delays in obtaining, necessary zoning, land-use, building, occupancy healthcare regulatory and other required governmental permits and authorizations, which could result in increased costs, delays in construction, or our abandonment of these projects;

we may incur construction costs for a facility which exceed our original estimates due to increased costs for materials or labor or other costs that we did not anticipate; and

we may not be able to obtain financing on favorable terms, which may render us unable to proceed with our development activities. We expect to fund our development projects over time. The time frame required for development and construction of these facilities means that we may have to wait for some time to earn significant cash returns. In addition, our tenants may not be able to obtain managed care provider contracts in a timely manner or at all. Finally, there is no assurance that future development projects will occur without delays and cost overruns. Risks associated with our development projects may reduce anticipated rental revenue which could affect the timing of, and our ability to make, distributions to our stockholders.

We may be subject to risks arising from future acquisitions of real estate.

We may be subject to risks in connection with our acquisition of healthcare real estate, including without limitation the following:

we may have no previous business experience with the tenants at the facilities acquired, and we may face difficulties in managing them;

underperformance of the acquired facilities due to various factors, including unfavorable terms and conditions of the existing lease agreements relating to the facilities, disruptions caused by the management of our tenants or changes in economic conditions;

diversion of our management's attention away from other business concerns;

exposure to any undisclosed or unknown potential liabilities relating to the acquired facilities; and

potential underinsured losses on the acquired facilities.

We cannot assure you that we will be able to manage the new properties without encountering difficulties or that any such difficulties will not have a material adverse effect on us.

Our facilities may not achieve expected results or we may be limited in our ability to finance future acquisitions, which may harm our financial condition and operating results and our ability to make the distributions to our stockholders required to maintain our REIT status.

Acquisitions and developments entail risks that investments will fail to perform in accordance with expectations and that estimates of the costs of improvements necessary to acquire and develop facilities will prove inaccurate, as well as general investment risks associated with any new real estate investment. Newly-

Table of Contents

Index to Financial Statements

developed or newly-renovated facilities may not have operating histories that are helpful in making objective pricing decisions. The purchase prices of these facilities will be based in part upon projections by management as to the expected operating results of the facilities, subjecting us to risks that these facilities may not achieve anticipated operating results or may not achieve these results within anticipated time frames.

We anticipate that future acquisitions and developments will largely be financed through externally generated funds such as borrowings under credit facilities and other secured and unsecured debt financing and from issuances of equity securities. Because we must distribute at least 90% of our REIT taxable income, excluding net capital gains, each year to maintain our qualification as a REIT, our ability to rely upon income from operations or cash flows from operations to finance our growth and acquisition activities will be limited.

If our facilities do not achieve expected results and generate ample cash flows from operations or if we are unable to obtain funds from borrowings or the capital markets to finance our acquisition and development activities, amounts available for distribution to stockholders could be adversely affected and we could be required to reduce distributions, thereby jeopardizing our ability to maintain our status as a REIT.

If we suffer losses that are not covered by insurance or that are in excess of our insurance coverage limits, we could lose investment capital and anticipated profits.

Our leases generally require our tenants to carry property, general liability, professional liability, loss of earnings, all risk and extended coverage insurance in amounts sufficient to permit the replacement of the facility in the event of a total loss, subject to applicable deductibles. We carry general liability insurance and loss of earnings coverage on all of our properties as a contingent measure in case our tenants coverage is not sufficient. However, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes and acts of terrorism, which may be uninsurable or not insurable at a price we or our tenants can afford. Inflation, changes in building codes and ordinances, environmental considerations and other factors also might make it impracticable to use insurance proceeds to replace a facility after it has been damaged or destroyed. Under such circumstances, the insurance proceeds we receive might not be adequate to restore our economic position with respect to the affected facility. If any of these or similar events occur, it may reduce our return from the facility and the value of our investment. We continually review the insurance maintained by our tenants and operators and believe the coverage provided to be adequate and customary for similarly situated companies in our industry. However, we cannot provide any assurances that such insurance will be available at a reasonable cost in the future. Also, we cannot assure you that material uninsured losses, or losses in excess of insurance proceeds, will not occur in the future.

Our capital expenditures for facility renovation may be greater than anticipated and may adversely impact rent payments by our tenants and our ability to make distributions to stockholders.

Facilities, particularly those that consist of older structures, have an ongoing need for renovations and other capital improvements, including periodic replacement of fixtures and fixed equipment. Although our leases require our tenants to be primarily responsible for the cost of such expenditures, renovation of facilities involves certain risks, including the possibility of environmental problems, regulatory requirements, construction cost overruns and delays, uncertainties as to market demand or deterioration in market demand after commencement of renovation and the emergence of unanticipated competition from other facilities. All of these factors could adversely impact rent and loan payments by our tenants and returns on our RIDEA investments, which in turn could have a material adverse effect on our financial condition and results of operations along with our ability to make distributions to our stockholders.

All of our healthcare facilities are subject to property taxes that may increase in the future and adversely affect our business.

Our facilities are subject to real and personal property taxes that may increase as property tax rates change and as the facilities are assessed or reassessed by taxing authorities. Our leases generally provide that the

Table of Contents

Index to Financial Statements

property taxes are charged to our tenants as an expense related to the facilities that they occupy. As the owner of the facilities, however, we are ultimately responsible for payment of the taxes to the government. If property taxes increase, our tenants may be unable to make the required tax payments, ultimately requiring us to pay the taxes. If we incur these tax liabilities, our ability to make expected distributions to our stockholders could be adversely affected. In addition, if such taxes increase on properties in which we have a RIDEA investment in the tenant, our return on investment may be negatively affected.

As the owner and lessor of real estate, we are subject to risks under environmental laws, the cost of compliance with which and any violation of which could materially adversely affect us.

Our operating expenses could be higher than anticipated due to the cost of complying with existing and future environmental laws and regulations. Various environmental laws may impose liability on the current or prior owner or operator of real property for removal or remediation of hazardous or toxic substances. Current or prior owners or operators may also be liable for government fines and damages for injuries to persons, natural resources and adjacent property. These environmental laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence or disposal of the hazardous or toxic substances. The cost of complying with environmental laws could materially adversely affect amounts available for distribution to our stockholders and could exceed the value of all of our facilities. In addition, the presence of hazardous or toxic substances, or the failure of our tenants to properly manage, dispose of or remediate such substances, including medical waste generated by physicians and our other healthcare tenants, may adversely affect our tenants or our ability to use, sell or rent such property or to borrow using such property as collateral which, in turn, could reduce our revenue and our financing ability. We typically obtain Phase I environmental assessments (or similar studies) on facilities we acquire or develop or on which we make mortgage loans, and intend to obtain on future facilities we acquire. However, even if the Phase I environmental assessment reports do not reveal any material environmental contamination, it is possible that material environmental contamination and liabilities may exist of which we are unaware.

Although the leases for our facilities and our mortgage loans generally require our operators to comply with laws and regulations governing their operations, including the disposal of medical waste, and to indemnify us for certain environmental liabilities, the scope of their obligations may be limited. We cannot assure you that our tenants would be able to fulfill their indemnification obligations and, therefore, any material violation of environmental laws could have a material adverse affect on us. In addition, environmental laws are constantly evolving, and changes in laws, regulations or policies, or changes in interpretations of the foregoing, could create liabilities where none exist today.

Our interests in facilities through ground leases expose us to the loss of the facility upon breach or termination of the ground lease and may limit our use of the facility.

We have acquired interests in eight of our facilities, at least in part, by acquiring leasehold interests in the land on which the facility is located rather than an ownership interest in the property, and we may acquire additional facilities in the future through ground leases. As lessee under ground leases, we are exposed to the possibility of losing the property upon termination, or an earlier breach by us, of the ground lease. Ground leases may also restrict our use of facilities, which may limit our flexibility in renting the facility and may impede our ability to sell the property.

Our acquisitions may not prove to be successful.

We are exposed to the risk that some of our acquisitions may not prove to be successful. We could encounter unanticipated difficulties and expenditures relating to any acquired properties, including contingent liabilities, and acquired properties might require significant management attention that would otherwise be devoted to our ongoing business. In addition, we might be exposed to undisclosed and unknown liabilities related to any acquired properties. If we agree to provide construction funding to an operator/tenant and the project is not

Table of Contents

Index to Financial Statements

completed, we may need to take steps to ensure completion of the project. Moreover, if we issue equity securities or incur additional debt, or both, to finance future acquisitions, it may reduce our per share financial results. These costs may negatively affect our results of operations.

RISKS RELATING TO THE HEALTHCARE INDUSTRY

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

Sources of revenue for our tenants and operators may include the Medicare and Medicaid programs, private insurance carriers and health maintenance organizations, among others. Efforts by such payors to reduce healthcare costs could continue, which may result in reductions or slower growth in reimbursement for certain services provided by some of our tenants. 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, Medicaid and other government-sponsored payment programs.

The United States healthcare industry continues to face various challenges, including increased government and private payor pressure on healthcare providers to control or reduce costs. We believe that our tenants will continue to experience a shift in payor mix away from fee-for-service payors, resulting in an increase in the percentage of revenues attributable to managed care payors, government payors and general industry trends that include pressures to control healthcare costs. Pressures to control healthcare costs and a shift away from traditional health insurance reimbursement have resulted in an increase in the number of patients whose healthcare coverage is provided under managed care plans, such as health maintenance organizations and preferred provider organizations. In addition, due to the aging of the population and the expansion of governmental payor programs, we anticipate that there will be a marked increase in the number of patients relying on healthcare coverage provided by governmental payors. These changes could have a material adverse effect on the financial condition of some or all of our tenants, which could have a material adverse effect on our financial condition and results of operations and could negatively affect our ability to make distributions to our stockholders. In instances where we have a RIDEA investment in our tenants' operations, in addition to the effect on these tenants' ability to meet their financial obligations to us, our ownership and investment interests may also be negatively impacted.

Over the past several years, CMS has increased its attention on reimbursement for LTACHs and inpatient rehabilitation facilities (IRFs), with CMS imposing regulatory restrictions on LTACH and IRF reimbursement. A significant number of our tenants operate LTACHs and IRFs. We expect that CMS will continue to explore implementing other restrictions on LTACH and IRF reimbursement, and possibly develop more restrictive facility and patient level criteria for these types of facilities. These changes could have a material adverse effect on the financial condition of some of our tenants, which could have a material adverse effect on our financial condition and results of operations and could negatively affect our ability to make distributions to our stockholders.

The United States healthcare industry is heavily regulated and loss of licensure or certification or failure to obtain licensure or certification could negatively impact our financial condition and results of operations.

The United States healthcare industry is highly regulated by federal, state and local laws (as discussed on pages 10-13), and is directly affected by federal conditions of participation, state licensing requirements, facility inspections, state and federal reimbursement policies, regulations concerning capital and other expenditures, certification requirements and other such laws, regulations and rules. We are aware of various federal and state inquiries, investigations and other proceedings currently affecting several of our tenants and would expect such governmental compliance and enforcement activities to be ongoing at any given time with respect to one or more of our tenants, either on a confidential or public basis. As discussed in further detail below, an adverse result to our tenants in one or more such governmental proceedings may have a materially adverse effect on the relevant tenant's operations and financial condition, and on its ability to make required lease and mortgage payments to

Table of Contents

Index to Financial Statements

us. In instances where we have a RIDEA investment in our tenants operations, in addition to the effect on these tenants ability to meet their financial obligation to us, our ownership and investment interests may also be negatively impacted.

Licensed health care facilities must comply with minimum health and safety standards and are subject to survey and inspection by state and federal agencies and their agents or affiliates, including the CMS, the Joint Commission, and state departments of health. CMS develops Conditions of Participation and Conditions for Coverage that health care organizations must meet in order to begin and continue participating in the Medicare and Medicaid programs. These minimum health and safety standards are aimed at improving quality and protecting the health and safety of beneficiaries. There are several common criteria that exist across health entities. Examples of common conditions include: a governing body responsible for effectively governing affairs of the organization, a quality assurance program to evaluate entity-wide patient care, medical record service responsible for medical records, a utilization review of the services furnished by the organization and its staff, and a facility constructed, arranged and maintained according to a life safety code that ensures patient safety and the deliverance of services appropriate to the needs of the community.

As an example, the Medicare program contains specific requirements with respect to the maintenance of medical records. Medical records must be maintained for every individual who is evaluated or treated at a hospital. Medical records must be accurately written, promptly completed, properly filed and retained, and accessible. Medicare surveyors may conduct on site visits for a variety of reasons, including to investigate a patient complaint or to survey the hospital for compliance with Medicare requirements. In such instances, Medicare surveyors generally review a large sampling of patient charts. If a pattern of incomplete medical records is identified, the hospital's Medicare certification could be jeopardized if a plan of correction is not completed. In order for a healthcare organization to continue receiving payment from the Medicare and Medicaid programs, it must comply with conditions of participation, or standards, as set forth in federal regulations. Further, many hospitals and other institutional providers are accredited by accrediting agencies such as the Joint Commission, a national healthcare accrediting organization. The Joint Commission was created to accredit healthcare organizations that meet its minimum health and safety standards. A national accrediting organization, such as the Joint Commission, enforces standards that meet or exceed such requirements.

Surveyors for the Joint Commission, prior to the opening of a facility and approximately every three years thereafter, conduct on site surveys of facilities for compliance with a multitude of patient safety, treatment, and administrative requirements. Facilities may lose accreditation for failure to meet such requirements, which in turn may result in the loss of license or certification. For example, a facility may lose accreditation for failing to maintain proper medication in the operating room to treat potentially fatal reactions to anesthesia, or for failure to maintain safe and sanitary medical equipment.

Finally, healthcare facility reimbursement practices and quality of care issues may result in loss of license or certification. For instance, the practice of upcoding, whereby services are billed for higher procedure codes than were actually performed, may lead to the revocation of a hospital's license. An event involving poor quality of care, such as that which leads to the serious injury or death of a patient, may also result in loss of license or certification. The Services Employees International Union (SEIU) has alleged that our tenant, Prime may have upcoded for certain procedures and may be providing poor quality of care, in addition to allegations of delaying the transfer of out-of-network patients to their preferred medical provider once they have stabilized. Prime has addressed these allegations publicly and has provided clinical and other data to us refuting these allegations. Prime has also informed us that the SEIU is attempting to organize certain Prime employees. Prime recently disclosed an ongoing investigation by the United States Department of Justice into billing practices and patient confidentiality statues.

The failure of any tenant to comply with such laws, requirements, and regulations resulting in a loss of its license would affect its ability to continue its operation of the facility and would adversely affect the tenant's ability to make lease and/or principal and interest payments to us. This, in turn, could have a material adverse

Table of Contents

Index to Financial Statements

effect on our financial condition and results of operations and could negatively affect our ability to make distributions to our shareholders. In instances where we have a RIDEA investment in our tenants' operations, in addition to the effects on these tenants' ability to meet their financial obligations to us, our ownership and investment interests would be negatively impacted.

In addition, establishment of healthcare facilities and transfers of operations of healthcare facilities are subject to regulatory approvals not required for establishment, or transfers, of other types of commercial operations and real estate. Restrictions and delays in transferring the operations of healthcare facilities, in obtaining new third-party payor contracts, including Medicare and Medicaid provider agreements, and in receiving licensure and certification approval from appropriate state and federal agencies by new tenants, may affect our ability to terminate lease agreements, remove tenants that violate lease terms, and replace existing tenants with new tenants. Furthermore, these matters may affect a new tenant's ability to obtain reimbursement for services rendered, which could adversely affect their ability to pay rent to us and/or to pay principal and interest on their loans from us. In instances where we have a RIDEA investment in our tenants' operations, in addition to the effect on these tenants' ability to meet their financial obligations to us, our ownership and investment interests may also be negatively impacted.

Our tenants are subject to fraud and abuse laws, the violation of which by a tenant may jeopardize the tenant's ability to make payments to us and adversely affect their profitability.

As noted earlier, the United States federal government and numerous state governments have passed laws and regulations that attempt to eliminate healthcare fraud and abuse by prohibiting business arrangements that induce patient referrals or the ordering of specific ancillary services. In addition, federal and state governments have significantly increased investigation and enforcement activity to detect and eliminate fraud and abuse in the Medicare and Medicaid programs. It is anticipated that the trend toward increased investigation and enforcement activity in the areas of fraud and abuse and patient self-referrals will continue in future years. Violations of these laws may result in the imposition of criminal and civil penalties, including possible exclusion from federal and state healthcare programs. Imposition of any of these penalties upon any of our tenants could jeopardize any tenant's ability to operate a facility or to make lease and loan payments, thereby potentially adversely affecting us. In instances where we have a RIDEA investment in our tenants' operations, in addition to the effect on the tenants' ability to meet their financial obligations to us, our ownership and investment interests may also be negatively impacted.

Some of our tenants have accepted, and prospective tenants may accept, an assignment of the previous operator's Medicare provider agreement. Such operators and other new-operator tenants that take assignment of Medicare provider agreements might be subject to federal or state regulatory, civil and criminal investigations of the previous owner's operations and claims submissions. While we conduct due diligence in connection with the acquisition of such facilities, these types of issues may not be discovered prior to purchase. Adverse decisions, fines or recoupments might negatively impact our tenants' financial condition, and in turn their ability to make lease and loan payments to us. In instances where we have a RIDEA investment in our tenants' operations, in addition to the effect on these tenants' ability to meet their financial obligations to us, our ownership and investment interests may also be negatively impacted.

Certain of our lease arrangements may be subject to fraud and abuse or physician self-referral laws.

Although no such investment exists today, local physician investment in our operating partnership or our subsidiaries that own our facilities could subject our lease arrangements to scrutiny under fraud and abuse and physician self-referral laws. Under the Stark Law, and its implementing regulations, if our lease arrangements do not satisfy the requirements of an applicable exception, the ability of our tenants to bill for services provided to Medicare beneficiaries pursuant to referrals from physician investors could be adversely impacted and subject us and our tenants to fines, which could impact our tenants' ability to make lease and loan payments to us. In instances where we have a RIDEA investment in our tenants' operations, in addition to the effect on the tenants' ability to meet their financial obligations to us, our ownership and investment interests may also be negatively impacted.

Table of Contents

Index to Financial Statements

We intend to use our good faith efforts to structure our lease arrangements to comply with these laws; however, if we are unable to do so, this failure may restrict our ability to permit physician investment or, where such physicians do participate, may restrict the types of lease arrangements into which we may enter, including our ability to enter into percentage rent arrangements.

We may be required to incur substantial renovation costs to make certain of our healthcare properties suitable for other operators and tenants.

Healthcare facilities are typically highly customized and may not be easily adapted to non-healthcare-related uses. The improvements generally required to conform a property to healthcare use can be costly and at times tenant-specific. A new or replacement operator or tenant may require different features in a property, depending on that operator's or tenant's particular business. If a current operator or tenant is unable to pay rent and/or vacates a property, we may incur substantial expenditures to modify a property before we are able to secure another operator or tenant. Also, if the property needs to be renovated to accommodate multiple operators or tenants, we may incur substantial expenditures before we are able to re-lease the space. These expenditures or renovations may materially adversely affect our business, results of operations and financial condition.

State certificate of need laws may adversely affect our development of facilities and the operations of our tenants.

Certain healthcare facilities in which we invest may also be subject to state laws which require regulatory approval in the form of a certificate of need prior to initiation of certain projects, including, but not limited to, the establishment of new or replacement facilities, the addition of beds, the addition or expansion of services and certain capital expenditures. State certificate of need laws are not uniform throughout the United States and are subject to change. We cannot predict the impact of state certificate of need laws on our development of facilities or the operations of our tenants.

Certificate of need laws often materially impact the ability of competitors to enter into the marketplace of our facilities. In addition, 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 re-licensure or new certificate of need authorization to re-institute operations. As a result, a portion of the value of the facility may be related to the limitation on new competitors. In the event of a change in the certificate of need laws, this value may markedly change.

RISKS RELATING TO OUR ORGANIZATION AND STRUCTURE

Maryland law and our charter and bylaws contain provisions which may prevent or deter changes in management and third-party acquisition proposals that you may believe to be in your best interest, depress the price of Medical Properties common stock or cause dilution.

Our charter contains ownership limitations that may restrict business combination opportunities, inhibit change of control transactions and reduce the value of our common stock. To qualify as a REIT under the Internal Revenue Code of 1986, as amended, or the Code, no more than 50% in value of our outstanding stock, after taking into account options to acquire stock, may be owned, directly or indirectly, by five or fewer persons during the last half of each taxable year. Our charter generally prohibits direct or indirect ownership by any person of more than 9.8% in value or in number, whichever is more restrictive, of outstanding shares of any class or series of our securities, including our common stock. Generally, our common stock owned by affiliated owners will be aggregated for purposes of the ownership limitation. The ownership limitation could have the effect of delaying, deterring or preventing a change in control or other transaction in which holders of common stock might receive a premium for their common stock over the then-current market price or which such holders otherwise might believe to be in their best interests. The ownership limitation provisions also may make our common stock an unsuitable investment vehicle for any person seeking to obtain, either alone or with others as a group, ownership of more than 9.8% of either the value or number of the outstanding shares of our common stock.

Table of Contents

Index to Financial Statements

Our charter and bylaws contain provisions that may impede third-party acquisition proposals that may be in the best interests of our stockholders. Our charter and bylaws also provide that our directors may only be removed by the affirmative vote of the holders of two-thirds of our common stock, that stockholders are required to give us advance notice of director nominations and new business to be conducted at our annual meetings of stockholders and that special meetings of stockholders can only be called by our president, our board of directors or the holders of at least 25% of stock entitled to vote at the meetings. These and other charter and bylaw provisions may delay or prevent a change of control or other transaction in which holders of our common stock might receive a premium for their common stock over the then-current market price or which such holders otherwise might believe to be in their best interests.

Our UPREIT structure may result in conflicts of interest between our stockholders and the holders of our operating partnership units.

We are organized as an UPREIT, which means that we hold our assets and conduct substantially all of our operations through an operating limited partnership, and may issue operating partnership units to employees and/or third parties. Persons holding operating partnership units would have the right to vote on certain amendments to the partnership agreement of our operating partnership, as well as on certain other matters. Persons holding these voting rights may exercise them in a manner that conflicts with the interests of our stockholders. Circumstances may arise in the future, such as the sale or refinancing of one of our facilities, when the interests of limited partners in our operating partnership conflict with the interests of our stockholders. As the sole member of the general partner of the operating partnership, we have fiduciary duties to the limited partners of the operating partnership that may conflict with fiduciary duties that our officers and directors owe to its stockholders. These conflicts may result in decisions that are not in the best interest of our stockholders.

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

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, and maintaining personal identifying information and tenant and lease data. We purchase or license some of our information technology from vendors, on whom our systems depend. We rely on commercially available systems, software, tools and monitoring to provide security for the processing, transmission and storage of confidential tenant 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 prevent the systems' improper functioning or the improper access or disclosure of our or our tenants' 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. The risk of security breaches has generally increased as the number, intensity and sophistication of attacks have increased. In some cases, it may be difficult to anticipate or immediately detect such incidents and the damage they cause. 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 a materially adverse effect on our business, financial condition and results of operations.

TAX RISKS ASSOCIATED WITH OUR STATUS AS A REIT

Loss of our tax status as a REIT would have significant adverse consequences to us and the value of our common stock.

We believe that we qualify as a REIT for federal income tax purposes and have elected to be taxed as a REIT under the federal income tax laws commencing with our taxable year that began on April 6, 2004, and ended on December 31, 2004. The REIT qualification requirements are extremely complex, and interpretations of

Table of Contents

Index to Financial Statements

the federal income tax laws governing qualification as a REIT are limited. Accordingly, there is no assurance that we will be successful in operating so as to qualify as a REIT. At any time, new laws, regulations, 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 the REIT election, which it may do without stockholder approval.

If we lose or revoke our REIT status, we will face serious tax consequences that will substantially reduce the funds available for distribution because:

we would not be allowed a deduction for distributions to stockholders in computing our taxable income; therefore we would be subject to federal income tax at regular corporate rates, and we might need to borrow money or sell assets in order to pay any such tax;

we also could be subject to the federal alternative minimum tax and possibly increased state and local taxes; and

unless we are entitled to relief under statutory provisions, we also would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify.

As a result of all these factors, a failure to achieve or a loss or revocation of our REIT status could have a material adverse effect on our financial condition and results of operations and would adversely affect the value of our common stock.

Failure to make required distributions would subject us to tax.

In order to qualify as a REIT, each year we must distribute to our stockholders at least 90% of our REIT taxable income, excluding net capital gains. To the extent that we satisfy the distribution requirement, but distribute less than 100% of our taxable income, we will be subject to federal corporate income tax on our undistributed income. In addition, we will incur a 4% nondeductible excise tax on the amount, if any, by which our distributions in any year are less than the sum of (1) 85% of our ordinary income for that year; (2) 95% of our capital gain net income for that year; and (3) 100% of our undistributed taxable income from prior years.

We may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. Differences in timing between the recognition of income and the related cash receipts or the effect of required debt amortization payments could require us to borrow money or sell assets to pay out enough of our taxable income to satisfy the distribution requirement and to avoid corporate income tax and the 4% excise tax in a particular year. In the future, we may borrow to pay distributions to our stockholders and the limited partners of our operating partnership. Any funds that we borrow would subject us to interest rate and other market risks.

Complying with REIT requirements may cause us to forego otherwise attractive opportunities.

To qualify as a REIT for United States federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our stock. In order to meet these tests, we may be required to forego attractive business or investment opportunities. Overall, no more than 25% of the value of our assets may consist of securities of one or more taxable REIT subsidiaries and no more than 25% of the value of our assets may consist of securities that are not qualifying assets under the test requiring that 75% of a REIT's assets consist of real estate and other related assets. In addition, at least 75% of our gross income must be generated from either rents from real estate or interest on loans secured by real estate (i.e. mortgage loans). Further, a taxable REIT subsidiary may not directly or indirectly operate or manage a healthcare facility. For purposes of this definition a healthcare facility means a hospital, nursing facility, assisted living facility, congregate care facility, qualified continuing care facility, or other licensed facility which extends medical or

Table of Contents

Index to Financial Statements

nursing or ancillary services to patients and which is operated by a service provider that is eligible for participation in the Medicare program under Title XVIII of the Social Security Act with respect to the facility. Thus, compliance with the REIT requirements may limit our flexibility in executing our business plan.

If certain sale-leaseback transactions are not characterized by the Internal Revenue Service (IRS) as true leases, we may be subject to adverse tax consequences.

We have purchased certain properties and leased them back to the sellers of such properties, and we may enter into similar transactions in the future. We intend for any such sale-leaseback transaction to be structured in a manner that the lease will be characterized as a true lease, thereby allowing us to be treated as the owner of the property for U.S. federal income tax purposes. However, depending on the terms of any specific transaction, the IRS might take the position that the transaction is not a true lease but is more properly treated in some other manner. In the event any sale-leaseback transaction is challenged and successfully re-characterized, we might fail to satisfy the REIT asset tests or income test and, consequently could lose our REIT status effective with the year of re-characterizations.

Transactions with taxable REIT subsidiaries may be subject to excise tax.

We have historically entered into lease and other transactions with our taxable REIT subsidiaries and their subsidiaries and expect to continue to do so in the future. Under applicable rules, transactions such as leases between our taxable REIT subsidiaries and their parent REIT that are not conducted on an arm's length basis may be subject to a 100% excise tax. While we believe that all of our transactions with our taxable REIT subsidiaries are at arm's length, imposition of a 100% excise tax could have a material adverse effect on our financial condition and results of operations and could adversely affect the trading price of our common stock

Loans to our tenants could be characterized as equity, in which case our income from that tenant might not be qualifying income under the REIT rules and we could lose our REIT status.

In connection with the acquisition in 2004 of certain Vibra facilities, one of our taxable REIT subsidiaries made a loan to Vibra to acquire the operations at those Vibra facilities. The acquisition loan bore interest at an annual rate of 10.25%. Our operating partnership loaned the funds to the taxable REIT subsidiary to make this loan. The loan from our operating partnership to the taxable REIT subsidiary bore interest at an annual rate of 9.25%.

Like the Vibra loan discussed above, our taxable REIT subsidiaries have made and will make loans to tenants in our facilities to acquire operations or for working capital purposes. The IRS may take the position that certain loans to tenants should be treated as equity interests rather than debt, and that our interest income from such tenant should not be treated as qualifying income for purposes of the REIT gross income tests. If the IRS were to successfully treat a loan to a particular tenant as equity interests, the tenant would be a related party tenant with respect to our company and the rent that we receive from the tenant would not be qualifying income for purposes of the REIT gross income tests. As a result, we could be in jeopardy of failing the 75% income test discussed above, which if we did would cause us to lose our REIT status. In addition, if the IRS were to successfully treat a particular loan as interests held by our operating partnership rather than by our taxable REIT subsidiaries, we could fail the 5% asset test, and if the IRS further successfully treated the loan as other than straight debt, we could fail the 10% asset test with respect to such interest. As a result of the failure of either test, we could lose our REIT status, which would subject us to corporate level income tax and adversely affect our ability to make distributions to our stockholders.

ITEM 1B. Unresolved Staff Comments

None.

Table of Contents**Index to Financial Statements****ITEM 2. Properties**

At December 31, 2014, our portfolio consisted of 132 properties: 115 facilities (of the 124 facilities that we owned) were in operation and leased or loaned to 27 operators, eight assets were in the form of first mortgage loans to three operators, and nine properties that were under construction. Our owned facilities consisted of 63 general acute care hospitals, 22 long-term acute care hospitals, 30 inpatient rehabilitation hospitals, three medical office buildings, and six wellness centers. The eight non-owned facilities on which we made mortgage loans consisted of four general acute care facilities, one long-term acute care hospital, and three inpatient rehabilitation hospitals to three operators.

	Total Properties	Total 2014 Revenue	Percentage of Total Revenue (Dollars in thousands)	Total Investment
Domestic:				
Alabama	2	\$	0.0%	\$ 1,973(C)
Arizona	4	18,309	5.9%	201,739(C)
California	13	64,268	20.6%	547,098
Colorado	9	6,414	2.0%	68,301(C)
Connecticut	3	340	0.1%	7,838
Florida	1	2,250	0.7%	25,809
Idaho	4	20,235	6.5%	101,662
Indiana	2	2,100	0.7%	52,014
Kansas	3	10,922	3.5%	96,345
Louisiana	4	12,581	4.0%	132,134
Massachusetts	1	1,297	0.4%	14,217
Michigan	1	1,416	0.5%	10,743
Missouri	2	4,761	1.5%	60,921
Montana	1	2,530	0.8%	21,097
Nevada	1	9,698	3.1%	82,541
New Jersey	3	15,596	5.0%	238,141
New Mexico	2	5,876	1.9%	53,082
Oregon	1	3,063	1.0%	23,503
Pennsylvania	1	4,764	1.5%	30,953
Rhode Island	2	148	0.0%	3,737
South Carolina	4	11,245	3.6%	96,178
Texas	46	74,044	23.7%	776,017(A)(C)
Utah	3	9,272	3.0%	104,543
Virginia	1	1,072	0.3%	10,915
West Virginia	1	692	0.2%	20,000
Wisconsin	1	962	0.3%	27,651
Wyoming	1	2,692	0.9%	22,458
Total domestic	117	\$ 286,547	91.7%	\$ 2,831,610
International:				
United Kingdom	1	\$ 2,322	0.7%	\$ 44,005
Germany	14	23,663	7.6%	707,437
Total international	15	\$ 25,985	8.3%	\$ 751,442
Total	132	\$ 312,532	100.0%	\$ 3,583,052(B)

(A) Includes our Twelve Oaks facility that is 55% occupied. Our total gross investment in the facility is \$59.7 million.

Table of Contents**Index to Financial Statements**

- (B) Excludes equity interests and accumulated depreciation and amortization. Includes other loans of \$573.2 million.
 (C) Includes development projects still under construction at December 31, 2014.

Type of Property (includes properties subject to leases and loans)	Number of Properties	Number of Square Feet	Number of Licensed Beds(D)
General Acute Care Hospitals(A)(B)	70	9,734,310	6,281
Long-Term Acute Care Hospitals	23	1,215,205	1,301
Rehabilitation Hospitals(C)	33	2,739,364	3,509
Wellness Centers	6	251,213	NA
	132	13,940,092	11,091

- (A) Includes three medical office buildings.
 (B) One of our general acute care hospitals, with 69,965 square feet and 28 beds, are located in the United Kingdom.
 (C) 14 of our rehabilitation facilities, with 1.7 million square feet and 2,524 beds, are located in Germany.
 (D) Excludes our nine facilities that are under development.

The following table shows tenant lease expirations, including those related to direct financing leases, for the next 10 years and thereafter at our leased properties (excludes loans and properties under development), assuming that none of the tenants exercise any of their renewal options (dollars in thousands):

Total Lease Portfolio(2)	Total Leases	Base Rent(1)	% of Total Base Rent	Total Square Footage	Total Licensed Beds
2015	2	\$ 4,155	1.6%	137,977	161
2016	1	2,250	0.9%	95,445	126
2017			0.0%		
2018	1	2,020	0.8%	66,459	62
2019	8	6,547	2.6%	558,919	136
2020	1	1,061	0.4%	47,937	64
2021	3	14,244	5.7%	459,059	278
2022	12	37,955	15.1%	2,840,038	1,916
2023	4	12,029	4.8%	912,652	851
2024	1	2,478	1.0%	52,082	60
Thereafter	82	168,845	67.1%	7,675,019	6,398
Total	115	\$ 251,584	100.0%	12,845,587	10,052

- (1) The most recent monthly base rent and income from direct financing leases annualized. This does not include tenant recoveries, additional rents and other lease-related adjustments to revenue (i.e., straight-line rents and deferred revenues).
 (2) Excludes our nine facilities that are under development.

ITEM 3. Legal Proceedings

From time to time, there are various legal proceedings pending to which we are a party or to which some of our properties are subject to arising in the normal course of business. At this time, we do not believe that the ultimate resolution of these proceedings will have a material adverse effect on our consolidated financial position or results of operations.

ITEM 4. *Mine Safety Disclosures*

None.

Table of Contents**Index to Financial Statements****PART II****ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities**

(a) Medical Properties' common stock is traded on the New York Stock Exchange under the symbol MPW. The following table sets forth the high and low sales prices for the common stock for the periods indicated, as reported by the New York Stock Exchange Composite Tape, and the dividends per share declared by us with respect to each such period.

	High	Low	Dividends
Year ended December 31, 2014			
First Quarter	\$ 13.66	\$ 12.09	\$ 0.21
Second Quarter	13.97	12.65	0.21
Third Quarter	14.14	12.18	0.21
Fourth Quarter	14.22	12.23	0.21
Year ended December 31, 2013			
First Quarter	\$ 16.04	\$ 12.14	\$ 0.20
Second Quarter	17.73	13.19	0.20
Third Quarter	15.50	11.47	0.20
Fourth Quarter	13.52	11.87	0.21

On February 26, 2015, the closing price for our common stock, as reported on the New York Stock Exchange, was \$15.03 per share. As of February 26, 2015, there were 61 holders of record of our common stock. This figure does not reflect the beneficial ownership of shares held in nominee name.

To qualify as a REIT, we must distribute at least 90% of our REIT taxable income, excluding net capital gain, as dividends to our stockholders. If dividends are declared in a quarter, those dividends will be paid during the subsequent quarter. We expect to continue the policy of distributing our taxable income through regular cash dividends on a quarterly basis, although there is no assurance as to future dividends because they depend on future earnings, capital requirements, and our financial condition. In addition, our unsecured credit facility limits the amounts of dividends we can pay – see Note 4 of Item 8 of this Annual Report on Form 10-K for more information.

(b) Not applicable.

(c) None.

Table of Contents**Index to Financial Statements**

The following graph provides comparison of cumulative total stockholder return for the period from December 31, 2009 through December 31, 2014, among Medical Properties Trust, Inc., the Russell 2000 Index, NAREIT Equity REIT Index, and SNL US REIT Healthcare Index. The stock performance graph assumes an investment of \$100 in each of Medical Properties Trust, Inc. and the three indices, and the reinvestment of dividends. The historical information below is not indicative of future performance.

Index	Period Ending					
	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14
Medical Properties Trust, Inc.	100.00	116.98	115.02	150.89	163.55	196.49
Russell 2000	100.00	126.86	121.56	141.43	196.34	205.95
NAREIT All Equity REIT Index	100.00	127.95	138.55	165.84	170.58	218.38
SNL US REIT Healthcare	100.00	119.30	136.58	163.99	153.70	204.68

The graph and accompanying text shall not be deemed incorporated by reference by any general statement incorporating by reference this Annual Report on Form 10-K into any filing under the Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934, as amended.

ITEM 6. Selected Financial Data

The following tables set forth are selected consolidated financial and operating data for Medical Properties Trust, Inc. and MPT Operating Partnership, L.P. and their respective subsidiaries. You should read the following selected financial data in conjunction with the consolidated historical financial statements and notes thereto of each of Medical Properties Trust, Inc. and MPT Operating Partnership, L.P. and their respective subsidiaries included in Item 8, in this Annual Report on Form 10-K, along with Management's Discussion and Analysis of Financial Condition and Results of Operations included in Item 7, in this Annual Report on Form 10-K.

Table of Contents**Index to Financial Statements****Medical Properties Trust, Inc.**

The consolidated balance sheet and operating data have been derived from our audited consolidated financial statements. As of December 31, 2014, Medical Properties Trust, Inc. had a 99.8% equity ownership interest in the Operating Partnership. Medical Properties Trust, Inc. has no significant operations other than as the sole member of its wholly owned subsidiary, Medical Properties Trust, LLC, which is the sole general partner of the Operating Partnership, and no material assets, other than its direct and indirect investment in the Operating Partnership.

	2014(1)	2013(1)	2012(1)	2011(1)	2010(1)
OPERATING DATA	(In thousands except per share data)				
Total revenue	\$ 312,532	\$ 242,523	\$ 198,125	\$ 132,322	\$ 104,825
Depreciation and amortization (expense)	(53,938)	(36,978)	(32,815)	(30,147)	(20,148)
Property-related and general and administrative (expenses)	(39,125)	(32,513)	(30,039)	(27,815)	(31,423)
Acquisition expenses(2)	(26,389)	(19,494)	(5,420)	(4,184)	(1,108)
Impairment (charge)	(50,128)				(12,000)
Interest and other income	8,040	3,235	1,281	96	1,518
Debt refinancing/unutilized financing (expense)	(1,698)			(14,214)	(6,716)
Interest (expense)	(98,156)	(66,746)	(58,243)	(43,810)	(33,984)
Income tax (expense)	(340)	(726)	(19)	(128)	(386)
Income from continuing operations	50,798	89,301	72,870	12,120	578
Income (loss) from discontinued operations	(2)	7,914	17,207	14,594	22,434
Net income	50,796	97,215	90,077	26,714	23,012
Net income attributable to non-controlling interests	(274)	(224)	(177)	(178)	(99)
Net income attributable to MPT common stockholders	\$ 50,522	\$ 96,991	\$ 89,900	\$ 26,536	\$ 22,913
Income from continuing operations attributable to MPT common stockholders per diluted share	\$ 0.29	\$ 0.58	\$ 0.54	\$ 0.10	\$
Income from discontinued operations attributable to MPT common stockholders per diluted share		0.05	0.13	0.13	0.22
Net income attributable to MPT common stockholders per diluted share	\$ 0.29	\$ 0.63	\$ 0.67	\$ 0.23	\$ 0.22
Weighted average number of common shares diluted	170,540	152,598	132,333	110,629	100,708
OTHER DATA					
Dividends declared per common share	\$ 0.84	\$ 0.81	\$ 0.80	\$ 0.80	\$ 0.80

Table of Contents**Index to Financial Statements**

	2014(1)	2013(1)	December 31, 2012(1)	2011(1)	2010(1)
BALANCE SHEET DATA					
(In thousands)					
Real estate assets at cost	\$ 2,612,291	\$ 2,296,479	\$ 1,591,189	\$ 1,261,644	\$ 1,017,059
Real estate accumulated depreciation/amortization	(202,627)	(159,776)	(122,796)	(89,982)	(60,784)
Mortgage and other loans	970,761	549,746	527,893	239,839	215,985
Cash and equivalents	144,541	45,979	37,311	102,726	98,408
Other assets	222,370	172,267	145,289	107,647	78,146
Total assets	\$ 3,747,336	\$ 2,904,695	\$ 2,178,886	\$ 1,621,874	\$ 1,348,814
Debt, net	\$ 2,201,654	\$ 1,421,681	\$ 1,025,160	\$ 689,849	\$ 369,970
Other liabilities	163,635	138,806	103,912	103,210	79,268
Total Medical Properties Trust, Inc. Stockholders Equity	1,382,047	1,344,208	1,049,814	828,815	899,462
Non-controlling interests					114
Total equity	1,382,047	1,344,208	1,049,814	828,815	899,576
Total liabilities and equity	\$ 3,747,336	\$ 2,904,695	\$ 2,178,886	\$ 1,621,874	\$ 1,348,814

- (1) Cash paid for acquisitions and other related investments totaled \$767.7 million, \$654.9 million, \$621.5 million, \$279.0 million, and \$137.8 million in 2014, 2013, 2012, 2011, and 2010, respectively. The results of operations resulting from these investments are reflected in our consolidated financial statements from the dates invested. See Note 3 in Item 8 of this Annual Report on Form 10-K for further information on acquisitions of real estate, new loans, and other investments. We funded these investments generally from issuing common stock, utilizing additional amounts of our revolving facility, incurring additional debt, or from the sale of facilities. See Notes 4, 9, and 11, in Item 8 on this Annual Report on Form 10-K for further information regarding our debt, common stock and discontinued operations, respectively.
- (2) Includes \$5.8 million and \$12.0 million in transfer taxes in 2014 and 2013, respectively, related to our property acquisitions in foreign jurisdictions.

Table of Contents**Index to Financial Statements****MPT Operating Partnership, L.P.**

The consolidated balance sheet and operating data presented below have been derived from the operating partnership's audited consolidated financial statements.

	2014(4)	2013(4)	2012(4)	2011(4)	2010(4)
OPERATING DATA	(In thousands except per unit data)				
Total revenue	\$ 312,532	\$ 242,523	\$ 198,125	\$ 132,322	\$ 104,825
Depreciation and amortization (expense)	(53,938)	(36,978)	(32,815)	(30,147)	(20,148)
Property-related and general and administrative (expenses)	(39,125)	(32,513)	(30,039)	(27,798)	(31,348)
Acquisition expenses(5)	(26,389)	(19,494)	(5,420)	(4,184)	(1,108)
Impairment (charge)	(50,128)				(12,000)
Interest and other income	8,040	3,235	1,281	96	1,518
Debt refinancing (expense)	(1,698)			(14,214)	(6,716)
Interest (expense)	(98,156)	(66,746)	(58,243)	(43,810)	(33,984)
Income tax (expense)	(340)	(726)	(19)	(128)	(386)
Income from continuing operations	50,798	89,301	72,870	12,137	653
Income (loss) from discontinued operations	(2)	7,914	17,207	14,594	22,434
Net income	50,796	97,215	90,077	26,731	23,087
Net income (loss) attributable to non-controlling interests	(274)	(224)	(177)	(178)	(99)
Net income attributable to MPT Operating Partnership, L.P. partners	\$ 50,522	\$ 96,991	\$ 89,900	\$ 26,553	\$ 22,988
Income from continuing operations attributable to MPT Operating Partnership, L.P. partners per diluted unit	\$ 0.29	\$ 0.58	\$ 0.54	\$ 0.10	\$
Income from discontinued operations attributable to MPT Operating Partnership, L.P. partners per diluted unit		0.05	0.13	0.13	0.22
Net income, attributable to MPT Operating Partnership, L.P. partners per diluted unit	\$ 0.29	\$ 0.63	\$ 0.67	\$ 0.23	\$ 0.22
Weighted average number of units diluted	170,540	152,598	132,333	110,629	100,708
OTHER DATA					
Dividends declared per unit	\$ 0.84	\$ 0.81	\$ 0.80	\$ 0.80	\$ 0.80

Table of Contents**Index to Financial Statements**

	2014(4)	2013(4)	December 31, 2012(4)	2011(4)	2010(4)
BALANCE SHEET DATA	(In thousands)				
Real estate assets at cost	\$ 2,612,291	\$ 2,296,479	\$ 1,591,189	\$ 1,261,644	\$ 1,017,059
Real estate accumulated depreciation/amortization	(202,627)	(159,776)	(122,796)	(89,982)	(60,784)
Other loans and investments	970,761	549,746	527,893	239,839	215,985
Cash and equivalents	144,541	45,979	37,311	102,726	98,408
Other assets	222,370	172,267	145,289	107,647	78,146
Total assets	\$ 3,747,336	\$ 2,904,695	\$ 2,178,886	\$ 1,621,874	\$ 1,348,814
Debt, net	\$ 2,201,654	\$ 1,421,681	\$ 1,025,160	\$ 689,849	\$ 369,970
Other liabilities	163,245	138,416	103,522	102,820	78,895
Total partners capital	1,382,437	1,344,598	1,050,204	829,205	899,835
Non-controlling interests					114
Total capital	1,382,437	1,344,598	1,050,204	829,205	899,949
Total liabilities and capital	\$ 3,747,336	\$ 2,904,695	\$ 2,178,886	\$ 1,621,874	\$ 1,348,814

- (4) Cash paid for acquisitions and other related investments totaled \$767.7 million, \$654.9 million, \$621.5 million, \$279.0 million, and \$137.8 million in 2014, 2013, 2012, 2011, and 2010, respectively. The results of operations resulting from these investments are reflected in our consolidated financial statements from the dates invested. See Note 3 in Item 8 of this Annual Report on Form 10-K for further information on acquisitions of real estate, new loans, and other investments. We funded these investments generally from issuing common stock, utilizing additional amounts of our revolving facility, incurring additional debt, or from the sale of facilities. See Notes 4, 9, and 11, in Item 8 on this Annual Report on Form 10-K for further information regarding our debt, common stock and discontinued operations, respectively.
- (5) Includes \$5.8 million and \$12.0 million in transfer taxes in 2014 and 2013, respectively, related to our property acquisitions in foreign jurisdictions.

Table of Contents

Index to Financial Statements

ITEM 7. *Management's Discussion and Analysis of Financial Condition and Results of Operation*

Unless otherwise indicated, references to our, we and us in this management's discussion and analysis of financial condition and results of operations refer to Medical Properties Trust, Inc. and its consolidated subsidiaries, including MPT Operating Partnership, L.P.

Overview

We were incorporated in Maryland on August 27, 2003, primarily for the purpose of investing in and owning net-leased healthcare facilities. We also make real estate mortgage loans and other loans to our tenants. We conduct our business operations in one segment. With the acquisition of properties in Germany and the United Kingdom in 2013 and 2014, we have healthcare investments in the United States and Europe. We have operated as a REIT since April 6, 2004, and accordingly, elected REIT status upon the filing of our calendar year 2004 United States Federal income tax return. Our existing tenants are, and our prospective tenants will generally be, healthcare operating companies and other healthcare providers that use substantial real estate assets in their operations. We offer financing for these operators' real estate through 100% lease and mortgage financing and generally seek lease and loan terms on a long-term basis ranging from 10 to 15 years with a series of shorter renewal terms at the option of our tenants and borrowers. We also have included and intend to include in our lease and loan agreements annual contractual minimum rate increases. Our existing portfolio minimum escalators range from 0.5% to 4%, while a limited number of our properties do not have an escalator. Most of our leases and loans also include rate increases based on the general rate of inflation if greater than the minimum contractual increases. In addition to rent or mortgage interest, our leases and loans typically require our tenants to pay all operating costs and expenses associated with the facility. Some leases also may require our tenants to pay percentage rents, which are based on the level of the tenant's revenues from their operations. Finally, we may acquire a profits or other equity interest in our tenants (which we refer to as RIDEA investments) that gives us a right to share in the tenant's income or loss.

We selectively make loans to certain of our operators through our taxable REIT subsidiaries, which they use for acquisitions and working capital. We consider our lending business an important element of our overall business strategy for two primary reasons: (1) it provides opportunities to make income-earning investments that yield attractive risk-adjusted returns in an industry in which our management has expertise, and (2) by making debt capital available to certain qualified operators, we believe we create for our company a competitive advantage over other buyers of, and financing sources for, healthcare facilities.

At December 31, 2014, our portfolio consisted of 132 properties leased or loaned to 27 operators, of which nine are under development and eight are in the form of mortgage loans.

2014 Highlights

In 2014, we invested or committed to invest approximately \$1.4 billion in healthcare real estate assets—the highest in our history. These significant investments greatly strengthened our portfolio through geographic, tenant and property type diversification. We expanded total assets by 29%, increased revenues by 29%, completed additional acquisitions in Europe, and reduced our concentration with affiliates of Prime.

A summary of our 2014 highlights is as follows:

Acquired real estate assets, entered into development agreements, entered into leases and made new loan investments, totaling more than \$1.4 billion as noted below:

Completed Step 1 of the acquisition, with Waterland Private Equity, of MEDIAN Kliniken Group. Upon the completion of Step 2 (sale-leaseback step) in early 2015, we will have added 38 rehabilitation and two acute care hospitals valued at approximately 705 million (or approximately \$881 million);

Table of Contents

Index to Financial Statements

Completed the acquisition of three RHM Klinik rehabilitation facilities located in Germany for a transaction valued at approximately 64 (or approximately \$80.8 million) incurring approximately 3.0 million (or approximately \$3.6 million) of transfer and other taxes that have been expensed as acquisition costs;

Acquired an acute care hospital in Fairmont, West Virginia for an aggregate purchase price of \$15 million from Alecto Healthcare Services (Alecto), made a \$5 million working capital loan to the tenant and a commitment to fund up to \$5 million in capital improvements;

Acquired an acute care hospital in Sherman, Texas for an aggregate purchase price of \$32.5 million from Alecto and funded \$7.5 million working capital loan to the tenant;

Entered the United Kingdom healthcare market by acquiring an acute care hospital in Peasedown St. John, United Kingdom from Circle Health Ltd., through its subsidiary Circle Hospital (Bath) Ltd. valued at approximately £28.3 million (approximately \$48.0 million) incurring approximately £1.1 million (approximately \$1.9 million) of transfer and other taxes that have been expensed as acquisition costs;

Acquired a general acute care hospital and an adjacent parcel of land for an aggregate purchase price of \$115 million from a joint venture of LHP Hospital Group, Inc. and Hackensack University Medical Center Mountainside;

Executed an additional \$150 million agreement with Adeptus Health for the development of acute care hospitals and free-standing emergency departments (began construction on five of these facilities in 2014);

Completed construction and began recording rental income on the following facilities:

Northern Utah Rehabilitation Hospital \$19 million inpatient rehabilitation facility located in South Ogden, Utah;

Oakleaf Surgical Hospital \$30.5 million acute care facility located in Altoona, Wisconsin;

First Choice ER (a subsidiary of Adeptus Health) Completed 17 acute care facilities totaling approximately \$80.3 million.

With these new investments, many of our diversification metrics have improved including:

Individual property diversification On an individual property basis, we had no investment of any single property greater than 3.1% of our total assets as of December 31, 2014, down from 3.9% as of December 31, 2013;

Geographic diversification Investments located in California represented 14.6% of our total assets at December 31, 2014, down from 18.7% in the prior year. Investments located in Texas represented 20.2% of our total assets at December 31, 2014, down from 22.7% in the prior year. In addition, we further expanded our portfolio into Europe with the additional RHM acquisitions, Circle Bath and Median transaction (as fully described in Note 3 in Item 8 of this

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Annual Report on Form 10-K).

Sold the real estate of La Palma Community Hospital to Prime Healthcare recognizing a gain on sale of \$2.9 million;

Sold the real estate of our Bucks facility pursuant to a purchase option, resulting in a \$3.1 million impairment charge;

Restructured our investment in Monroe Hospital by entering into a lease with an affiliate of Prime which had acquired the operations of the facility;

Table of Contents

Index to Financial Statements

Completed a new \$1.15 billion senior unsecured credit facility comprised of a \$1.025 billion senior unsecured revolving credit facility and a \$125 million senior unsecured term loan facility, issued \$300 million of unsecured notes, and raised \$138 million in equity to fund the acquisition activity mentioned above; and

Received investment grade rating on our unsecured debt of BBB- and a corporate credit rating upgrade from Standard & Poor's Ratings Services to BB+.

2013 Highlights

In 2013, we leveraged our expertise in healthcare real estate, finance and operations to continue executing our strategy to grow and diversify our portfolio of hospital-only investments. We completed our first international acquisition.

A summary of the 2013 highlights is as follows:

Acquired real estate assets, entered into development agreements, entered into leases and made new loan investments, totaling more than \$700 million as noted below:

Completed the 184 million acquisition of 11 German facilities in a sale/leaseback transaction with a new tenant to us, valued at approximately \$250 million (including transfer taxes of \$12 million). This acquisition expanded both our geographic and tenant diversity;

Completed the \$281.3 million acquisition of the real estate of three general acute care hospitals from affiliates of IASIS Healthcare LLC (IASIS) via a sale/leaseback transaction;

Acquired the real estate of Esplanade Rehab Hospital in Corpus Christi, Texas (now operating as Corpus Christi Rehabilitation Hospital) for \$15.8 million, which is leased to Ernest under the 2012 master lease;

Acquired the real estate of two acute care hospitals in Kansas from affiliates of Prime for a combined purchase price of \$75 million. These properties are leased to Prime pursuant to the master lease agreements;

Commenced construction of several facilities pursuant to a master funding and development agreement with First Choice Emergency Room, LLC (First Choice) to develop up to 25 free standing emergency rooms (the remaining of these facilities were completed in 2014);

Financed the development of inpatient rehabilitation facilities in South Ogden, Utah and Post Falls, Idaho for a total of \$33.5 million, which is leased to Ernest under the 2012 master lease (Post Falls was completed in 2013 and the Ogden facility opened in the 2014 first quarter); and

Provided a \$20 million mortgage financing to Alecto for the 204-bed Olympia Medical Center.

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Sold the real estate of an inpatient rehabilitation facility, Warm Springs Rehabilitation Hospital of San Antonio, for \$14 million, resulting in a gain on sale of \$5.6 million;

Sold two long-term acute care hospitals in Texas and Arizona, CHG Cornerstone Hospital of Houston, L.P. and Cornerstone Hospital of Southeast Arizona, for total cash proceeds of \$18.5 million, resulting in a \$2.1 million gain on the sale.

Issued \$150 million of unsecured notes (as a tack on to the 2012 unsecured senior notes), completed a 200 million euro-denominated (approximately \$275 million) long-term fixed rate debt transaction at an annual coupon of 5.75%, and raised \$313 million in equity to fund our acquisition activity above.

Table of Contents

Index to Financial Statements

2012 Highlights

In 2012, we achieved a number of important milestones, including increasing our assets beyond the \$2 billion mark and driving revenues above \$200 million. A summary of the 2012 highlights is as follows:

Acquired real estate assets, entered into development agreements, entered into leases, made new loan investments, made RIDEA investments and committed to new development projects totaling more than \$800 million as noted below:

Made loans to and acquired assets from Ernest for a combined purchase price and investment of \$396.5 million, consisting of \$200 million to purchase real estate assets, a first mortgage loan of \$100 million, and \$96.5 million in RIDEA investments made up of an acquisition loan for \$93.2 million and an equity contribution of \$3.3 million. With this acquisition, we took ownership of 16 new facilities;

Funded a \$100 million mortgage loan secured by the real property of Centinela Hospital Medical Center. Centinela is a 369 bed acute care facility that is operated by Prime;

Acquired the real estate of the 380 bed St. Mary's Regional Medical Center, an acute care hospital in Reno, Nevada for \$80 million and the real estate of the 140-bed Roxborough Memorial Hospital in Pennsylvania for \$30 million. The acquired facilities are leased to Prime;

Acquired the real estate of a 40-bed long-term acute care hospital in Hammond, Louisiana for \$10.5 million and leased the facility to the operator under a 15-year lease. As part of this transaction, we made a secured working capital loan of \$2.5 million as well as a revolving loan of up to \$2.0 million. In addition, we have made a \$2.0 million RIDEA investment for a 25% equity ownership in the operator of this facility;

Entered into an agreement to develop and lease an acute care facility in Altoona, Wisconsin for \$33.5 million, with National Surgical Hospitals. The facility was completed in the third quarter of 2014;

Agreed to fund the construction of an inpatient rehabilitation hospital in Spartanburg, South Carolina for Ernest. This facility opened in the third quarter of 2013;

Entered into an agreement with Ernest to develop and lease a 40-bed rehabilitation hospital in Lafayette, Indiana, which opened in the 2013 first quarter;

Amended the current lease on our Victoria, Texas facility with Post Acute Medical to extend the current lease term to 2028, and we agreed to develop and lease a 26-bed facility next to the existing facility. The new facility was completed in the fourth quarter of 2013.

Committed to fund \$100 million to First Choice ER, LLC in development financing for up to 25 freestanding emergency room facilities.

Signed our lead tenant for the Twelve Oaks property representing approximately 55% of the building. Operations commenced for this tenant in January 2013;

Sold the real estate of two long-term acute care facilities, Thornton and New Bedford, to Vibra for total cash proceeds of \$42 million. The sale of Thornton was completed on September 28, 2012, resulting in a gain of \$8.4 million. The sale of New Bedford was completed on October 22, 2012, resulting in a gain of approximately \$7 million; and

Established a \$100 million term loan facility, issued \$220 million of unsecured notes, and \$220 million in equity and increased our revolving credit facility by \$70 million for the purpose of funding our acquisition activity above.

Critical Accounting Policies

In order to prepare financial statements in conformity with accounting principles generally accepted in the United States, we must make estimates about certain types of transactions and account balances. We believe that

Table of Contents**Index to Financial Statements**

our estimates of the amount and timing of our revenues, credit losses, fair values (either as part of a purchase price allocation, impairment analysis or in valuing certain of our Ernest investments), periodic depreciation of our real estate assets, and stock compensation expense, along with our assessment as to whether an entity that we do business with should be consolidated with our results, have significant effects on our financial statements. Each of these items involves estimates that require us to make subjective judgments. We rely on our experience, collect historical and current market data, and develop relevant assumptions to arrive at what we believe to be reasonable estimates. Under different conditions or assumptions, materially different amounts could be reported related to the critical accounting policies described below. In addition, application of these critical accounting policies involves the exercise of judgment on the use of assumptions as to future uncertainties and, as a result, actual results could materially differ from these estimates. Our accounting estimates include the following:

Revenue Recognition: We receive income from operating leases based on the fixed, minimum required rents (base rents) per the lease agreements. Rent revenue from base rents is recorded on the straight-line method over the terms of the related lease agreements for new leases and the remaining terms of existing leases for those acquired as part of a property acquisition. The straight-line method records the periodic average amount of base rent earned over the term of a lease, taking into account contractual rent adjustments over the lease term. The straight-line method typically has the effect of recording more rent revenue from a lease than a tenant is required to pay early in the term of the lease. During the later parts of a lease term, this effect reverses with less rent revenue recorded than a tenant is required to pay. Rent revenue, as recorded on the straight-line method, in the consolidated statements of income is presented as two amounts: billed rent revenue and straight-line revenue. Billed rent revenue is the amount of base rent actually billed to the customer each period as required by the lease. Straight-line rent revenue is the difference between rent revenue earned based on the straight-line method and the amount recorded as billed rent revenue. We record the difference between base rent revenues earned and amounts due per the respective lease agreements, as applicable, as an increase or decrease to straight-line rent receivable.

Certain leases may provide for additional rents contingent upon a percentage of the tenant's revenues in excess of specified base amount/threshold (percentage rents). Percentage rents are recognized in the period in which revenue thresholds are met. Rental payments received prior to their recognition as income are classified as deferred revenue. We also receive additional rent (contingent rent) under some leases based on increases in the consumer price index or where the consumer price index exceeds the annual minimum percentage increase in the lease. Contingent rents are recorded as billed rent revenue in the period earned.

We use direct finance lease accounting (DFL) to record rent on certain leases deemed to be financing leases, per accounting rules, rather than operating leases. For leases accounted for as DFLs, future minimum lease payments are recorded as a receivable. The difference between the future minimum lease payments and the estimated residual values less the cost of the properties is recorded as unearned income. Unearned income is deferred and amortized to income over the lease terms to provide a constant yield when collectability of the lease payments is reasonably assured. Investments in DFLs are presented net of unamortized and unearned income.

In instances where we have a profits or equity interest in our tenant's operations, we record income equal to our percentage interest of the tenant's profits, as defined in the lease or tenant's operating agreements, once annual thresholds, if any, are met.

We begin recording base rent income from our development projects when the lessee takes physical possession of the facility, which may be different from the stated start date of the lease. Also, during construction of our development projects, we are generally entitled to accrue rent based on the cost paid during the construction period (construction period rent). We accrue construction period rent as a receivable with a corresponding offset to deferred revenue during the construction period. When the lessee takes physical possession of the facility, we begin recognizing the deferred construction period revenue on the straight-line method over the remaining term of the lease.

We receive interest income from our tenants/borrowers on mortgage loans, working capital loans, and other long-term loans. Interest income from these loans is recognized as earned based upon the principal outstanding and terms of the loans.

Table of Contents**Index to Financial Statements**

Commitment fees received from development and leasing services for lessees are initially recorded as deferred revenue and recognized as income over the initial term of a lease to produce a constant effective yield on the lease (interest method). Commitment and origination fees from lending services are also recorded as deferred revenue initially and recognized as income over the life of the loan using the interest method.

Investments in Real Estate: We maintain our investments in real estate at cost, and we capitalize improvements and replacements when they extend the useful life or improve the efficiency of the asset. While our tenants are generally responsible for all operating costs at a facility, to the extent that we incur costs of repairs and maintenance, we expense those costs as incurred. We compute depreciation using the straight-line method over the weighted-average useful life of approximately 38 years for buildings and improvements.

When circumstances indicate a possible impairment of the value of our real estate investments, we review the recoverability of the facility's carrying value. The review of the recoverability is generally based on our estimate of the future undiscounted cash flows, excluding interest charges, from the facility's use and eventual disposition. Our forecast of these cash flows considers factors such as expected future operating income, market and other applicable trends, and residual value, as well as the effects of leasing demand, competition and other factors. If impairment exists due to the inability to recover the carrying value of a facility on an undiscounted basis, such as was the case with our Monroe and Bucks facilities in 2014, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair value of the facility. We do not believe that the value of any of our facilities was impaired at December 31, 2014; however, given the highly specialized aspects of our properties no assurance can be given that future impairment charges will not be taken.

Acquired Real Estate Purchase Price Allocation: For existing properties acquired for leasing purposes, we account for such acquisitions based on business combination accounting rules. We allocate the purchase price of acquired properties to net tangible and identified intangible assets acquired based on their fair values. In making estimates of fair values for purposes of allocating purchase prices of acquired real estate, we may utilize a number of sources, including available real estate broker data, independent appraisals that may be obtained in connection with the acquisition or financing of the respective property, internal data from previous acquisitions or developments, and other market data. We also consider information obtained about each property as a result of our pre-acquisition due diligence, marketing and leasing activities in estimating the fair value of the tangible and intangible assets acquired.

We record above-market and below-market in-place lease values, if any, for the facilities we own which are based on the present value of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management's estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining non-cancelable term of the lease. We amortize any resulting capitalized above-market lease values as a reduction of rental income over lease term. We amortize any resulting capitalized below-market lease values as an increase to rental income over the lease term. Because our strategy to a large degree involves the origination and acquisition of long-term lease arrangements at market rates with independent parties, we do not expect the above-market and below-market in-place lease values to be significant for many of our transactions.

We measure the aggregate value of other lease intangible assets to be acquired based on the difference between (i) the property valued with new or in-place leases adjusted to market rental rates and (ii) the property valued as if vacant when acquired. Management's estimates of value are made using methods similar to those used by independent appraisers (e.g., discounted cash flow analysis). Factors considered by management in our analysis include an estimate of carrying costs during hypothetical expected lease-up periods, considering current market conditions, and costs to execute similar leases. We also consider information obtained about each targeted facility as a result of our pre-acquisition due diligence, marketing, and leasing activities in estimating the fair value of the intangible assets acquired. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, which we expect to be about six months depending on specific local market conditions. Management

Table of Contents

Index to Financial Statements

also estimates costs to execute similar leases including leasing commissions, legal costs, and other related expenses to the extent that such costs are not already incurred in connection with a new lease origination as part of the transaction.

Other intangible assets acquired may include customer relationship intangible values, which are based on management's evaluation of the specific characteristics of each prospective tenant's lease and our overall relationship with that tenant. Characteristics to be considered by management in allocating these values include the nature and extent of our existing business relationships with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality, and expectations of lease renewals, including those existing under the terms of the lease agreement, among other factors. At December 31, 2014, we have assigned no value to customer relationship intangibles.

We amortize the value of lease intangibles to expense over the term of the respective leases, which have a weighted average useful life of 17.9 years at December 31, 2014. If a lease is terminated, the unamortized portion of the lease intangible is charged to expense.

Losses from Rent Receivables: For all leases, we continuously monitor the performance of our existing tenants including, but not limited to: admission levels and surgery/procedure volumes by type; current operating margins; ratio of our tenant's operating margins both to facility rent and to facility rent plus other fixed costs; trends in revenue and patient mix; and the effect of evolving healthcare regulations on tenant's profitability and liquidity.

Losses from Operating Lease Receivables: We utilize the information above along with the tenant's payment and default history in evaluating (on a property-by-property basis) whether or not a provision for losses on outstanding rent receivables is needed. A provision for losses on rent receivables (including straight-line rent receivables) is ultimately recorded when it becomes probable that the receivable will not be collected in full. The provision is an amount which reduces the receivable to its estimated net realizable value based on a determination of the eventual amounts to be collected either from the debtor or from existing collateral, if any.

Losses on DFL Receivables: Allowances are established for DFLs based upon an estimate of probable losses for the individual DFLs deemed to be impaired. DFLs are impaired when it is deemed probable that we will be unable to collect all amounts due in accordance with the contractual terms of the lease. Like operating lease receivables, the need for an allowance is based upon our assessment of the lessee's overall financial condition; economic resources and payment record; the prospects for support from any financially responsible guarantors; and, if appropriate, the realizable value of any collateral. These estimates consider all available evidence including the expected future cash flows discounted at the DFL's effective interest rate, fair value of collateral, and other relevant factors, as appropriate. DFLs are placed on non-accrual status when we determine that the collectability of contractual amounts is not reasonably assured. While on non-accrual status, we generally account for the DFLs on a cash basis, in which income is recognized only upon receipt of cash.

Loans: Loans consist of mortgage loans, working capital loans and other long-term loans. Mortgage loans are collateralized by interests in real property. Working capital and other long-term loans are generally collateralized by interests in receivables and corporate and individual guarantees. We record loans at cost. We evaluate the collectability of both interest and principal on a loan-by-loan basis (using the same process as we do for assessing the collectability of rents as discussed above) to determine whether they are impaired. A loan is considered impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due according to the existing contractual terms. When a loan is considered to be impaired, the amount of the allowance is calculated by comparing the recorded investment to either the value determined by discounting the expected future cash flows using the loans effective interest rate or to the fair value of the collateral if the loan is collateral dependent.

Table of Contents**Index to Financial Statements**

Stock-Based Compensation: During the years ended December 31, 2014, 2013, and 2012 we recorded \$9.2 million, \$8.8 million, and \$7.6 million, respectively, of expense for share-based compensation related to grants of restricted common stock and other stock-based awards. Starting in 2010, we granted annual performance-based restricted share awards that vest based on the achievement of certain market conditions as defined by the accounting rules. Typical market conditions for our awards are based on our stock price levels or our total shareholder return (stock price and dividends) including comparisons of our total shareholder returns to an index of other REIT stocks. Because these awards are earned based on the achievement of these market conditions, we must initially evaluate and estimate the probability of achieving these market conditions in order to determine the fair value of the award and over what period we should recognize stock compensation expense. Because of the complexities inherently involved with these awards, we work with an independent consultant to assist us in modeling both the value of the award and the various periods over which each tranche of an award will be earned. We use what is termed a Monte Carlo simulation model which determines a value and earnings periods based on multiple outcomes and their probabilities. We record expense over the expected or derived vesting periods using the calculated value of the awards. We record expense over these vesting periods even though the awards have not yet been earned and, in fact, may never be earned. If awards vest faster than our original estimate, we will record a catch-up of expense, which we did in the 2014, 2013 and 2012 fourth quarters due to our 2012, 2011, and 2010 stock awards being earned earlier than expected.

Fair Value Option Election: We elected to account for certain investments acquired on February 29, 2012, as part of the Ernest transaction, using the fair value option method, which means we mark these investments to fair market value on a recurring basis. Any changes in the fair value of these investments are non-cash adjustments that will not impact our financial condition or cash flows unless we decided to liquidate these investments.

These investments include the following at December 31, 2014: (in thousands):

Asset (Liability)	Fair Value
Mortgage loan	\$ 100,000
Acquisition loans	97,450
Equity investment	3,300
 Total	 \$ 200,750

We measure the estimated fair value of these investments utilizing Level 3 of the fair value hierarchy. Under current accounting guidance, Level 3 represents fair value measurements derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Our mortgage loans with Ernest are recorded at fair value based on Level 3 inputs by discounting the estimated cash flows using the market rates which similar loans would be made to borrowers with similar credit ratings and the same remaining maturities. Our acquisition loans and equity investments in Ernest are recorded at fair value based on Level 3 inputs, by using a discounted cash flow model, which requires significant estimates of our investee such as projected revenue and expenses and appropriate consideration of the underlying risk profile of the forecast assumptions associated with the investee. We classify these loans and equity investments as Level 3, as we use certain unobservable inputs to the valuation methodology that are significant to the fair value measurement, and the valuation requires management judgment due to the absence of quoted market prices. For these cash flow models, our observable inputs include use of a capitalization rate, discount rate (which is based on a weighted-average cost of capital), and market interest rates, and our unobservable input includes an adjustment for a marketability discount (DLOM) on our equity investment of 40% at December 31, 2014.

Table of Contents**Index to Financial Statements**

In regards to the underlying projection of revenues and expenses used in the discounted cash flow model, such projections are provided by Ernest. However, we will modify such projections (including underlying assumptions used) as needed based on our review and analysis of Ernest's historical results, meetings with key members of management, and our understanding of trends and developments within the healthcare industry.

In arriving at the DLOM, we started with a DLOM range based on the results of studies supporting valuation discounts for other transactions or structures without a public market. To select the appropriate DLOM within the range, we then considered many qualitative factors including the percent of control, the nature of the underlying investee's business along with our rights as an investor pursuant to the operating agreement, the size of investment, expected holding period, number of shareholders, access to capital marketplace, etc. To illustrate the effect of movements in the DLOM, we performed a sensitivity analysis below by using basis point variations (dollars in thousands):

Basis Point Change in Marketability Discount	Estimated Increase (Decrease) In Fair Value
+100 basis points	\$ (451)
- 100 basis points	451

Because the fair value of Ernest investments noted above approximate their original cost, we did not recognize any unrealized gains/losses during 2014.

Principles of Consolidation: Property holding entities and other subsidiaries of which we own 100% of the equity or have a controlling financial interest evidenced by ownership of a majority voting interest are consolidated. All inter-company balances and transactions are eliminated. For entities in which we own less than 100% of the equity interest, we consolidate the property if we have the direct or indirect ability to control the entities' activities based upon the terms of the respective entities' ownership agreements. For these entities, we record a non-controlling interest representing equity held by non-controlling interests.

We continually evaluate all of our transactions and investments to determine if they represent variable interests in a variable interest entity. If we determine that we have a variable interest in a variable interest entity, we then evaluate if we are the primary beneficiary of the variable interest entity. The evaluation is a qualitative assessment as to whether we have the ability to direct the activities of a variable interest entity that most significantly impact the entity's economic performance. We consolidate each variable interest entity in which we, by virtue of or transactions with our investments in the entity, are considered to be the primary beneficiary. At December 31, 2014 and 2013, we determined that we were not the primary beneficiary of any of our variable interest entities because we do not control the activities (such as the day-to-day operations of the hospital) that most significantly impact the economic performance of these entities.

Table of Contents**Index to Financial Statements****Disclosure of Contractual Obligations**

The following table summarizes known material contractual obligations (including interest) as of December 31, 2014, excluding the impact of subsequent events (amounts in thousands):

Contractual Obligations	Less Than 1 Year	1-3 Years	3-5 Years	After 5 Years	Total
2006 Senior Unsecured Notes(1)	\$ 6,985	\$ 131,147	\$	\$	\$ 138,132
2011, 2012, and 2014 Senior Unsecured Notes	69,750	139,500	139,500	1,276,438	1,625,188
2013 Senior Unsecured Notes(5)	13,913	27,825	27,825	255,873	325,436
Revolving credit facility(2)	12,302	24,604	599,299		636,205
Term loans	3,441	6,889	141,812		152,142
Operating lease commitments(3)	3,555	7,155	6,771	90,645	108,126
Purchase obligations(4)	176,848				176,848
Totals	\$ 286,794	\$ 337,120	\$ 915,207	\$ 1,622,956	\$ 3,162,077

- (1) The interest rates on these notes are currently variable rates, but we entered into interest rate swaps to fix these interest rates until maturity. For \$65 million of our \$125 million senior notes, the rate is 5.507% and for \$60 million of our \$125 million senior notes the rate is 5.675%. See Note 4 of Item 8 to this Form 10-K for more information.
- (2) As of December 31, 2014, we have a new \$1.025 billion revolving credit facility. However, this table assumes the balance outstanding under the revolver and rate in effect at December 31, 2014 (which was \$593.5 million as of December 31, 2014) remains in effect through maturity. Included in the balances outstanding is a euro-denominated tranche we used the exchange rate at December 31, 2014, (or 1.21) in preparing this table. (Note: A portion of the revolver was paid down in January 2015 with proceeds from the stock offering).
- (3) Most of our contractual obligations to make operating lease payments are related to ground leases for which we are reimbursed by our tenants along with corporate office and equipment leases.
- (4) Includes approximately \$176.8 million of future expenditures related to development projects.
- (5) Our 2013 Senior Unsecured Notes are Euro-denominated. We used the exchange rate at December 31, 2014, (or 1.21) in preparing this table.

Liquidity and Capital Resources*2014 Cash Flow Activity*

We generated cash of \$150.4 million from operating activities during 2014, primarily consisting of rent and interest from mortgage and other loans, which with cash on-hand, was principally used to fund our dividends of \$144.4 million and certain of our investing activities including the additional funding of our development properties.

In regards to other financing activities in which we used such net proceeds to ultimately fund our \$767.7 million of acquisitions in 2014 and to fund other investment activities, we did the following:

- a) On March 11, 2014, we completed an underwritten public offering of 7.7 million shares of our common stock, resulting in net proceeds of approximately \$100 million, after deducting estimated offering expenses. We also granted the underwriters a 30-day option to purchase up to an additional 1.2 million shares of common stock. The option, which was exercised in full, closed on April 8, 2014 and resulted in additional net proceeds of approximately \$16 million.
- b) On April 17, 2014, we completed a \$300 million senior unsecured notes offering.

- c) On October 17, 2014, we entered into an amendment to our revolving credit and term loan agreement to increase the current aggregate committed size of the facility to \$1.15 billion with an additional \$400

Table of Contents

Index to Financial Statements

million accordion available increasing the total aggregate capacity to \$1.55 billion. The amendment also increased the alternative currency sublimit under the facility to 500 million and amended certain covenants in order to permit us to consummate and finance the Median transaction.

- d) We established an at-the-market equity offering program in January 2014 under which we may sell up to \$250 million in shares (1.7 million shares sold resulting in net proceeds of \$22.6 million) which may be used for general corporate purposes as needed.

2013 Cash Flow Activity

We generated cash of \$140.8 million from operating activities during 2013, primarily consisting of rent and interest from mortgage and other loans, which with cash on-hand, was principally used to fund our dividends of \$120.3 million and certain of our investing activities.

From a financing perspective, on October 10, 2013 we closed on a 200 million euro-denominated (approximately \$275 million at December 31, 2013) 7 year fixed rate debt transaction at an annual coupon of 5.75%. In addition, on August 20, 2013, we completed an offering of 11.5 million shares of common stock (including 1.5 million shares sold pursuant to the exercise in full of the underwriters' option to purchase additional shares) resulting in net proceeds (after underwriting discount and expenses) of \$140.4 million. Furthermore, in August 2013, we completed a \$150 million tuck on offering to our 2012 Senior Unsecured Notes, resulting in net proceeds of \$153.3 million (reflective of the pricing premium we received). Finally, we completed an offering of 12.65 million shares of our common stock (including 1.65 million shares sold pursuant to the exercise in full of the underwriters' option to purchase additional shares) in February 2013, resulting in net proceeds (after underwriting discount) of \$172.9 million. Proceeds from these financing activities and strategic property disposals during the year (generating approximately \$32 million) were used to fund our acquisitions and development activities.

2012 Cash Flow Activity

We generated cash of \$105.3 million from operating activities during 2012, primarily consisting of rent and interest from mortgage and other loans, which with cash on-hand, was principally used to fund our dividends of \$104.0 million and working capital needs. To fund the Ernest transaction in February 2012, we completed an offering of 23.6 million shares of our common stock (including 3.1 million shares sold pursuant to the exercise in full of the underwriters' overallotment option), resulting in net proceeds (after underwriting discount) for \$220.1 million. In addition, in February 2012, we completed a \$200 million offering of senior unsecured notes, resulting in net proceeds, after underwriting discount, of \$196.5 million, which we also used to fund the Ernest transaction.

In March 2012, we closed on a \$100 million senior unsecured term loan facility and exercised the \$70 million accordion feature on our revolving credit facility, increasing the total commitment under that facility to \$400 million at that time. We also sold five properties during the year generating \$71.2 million of additional funds.

Proceeds from the new term loan facility, our revolving credit facility and property sales were used to fund our investments in the year (excluding Ernest) and further cash outlays on our development projects.

During the fourth quarter 2012, we sold 1.1 million shares of our common stock under our at-the-market equity offering program, at an average price of \$11.84 per share resulting in net proceeds of \$13.2 million.

Debt Restrictions and Covenants

Our debt facilities impose certain restrictions on us, including, but not limited to, restrictions on our ability to: incur debt; create or incur liens; provide guarantees in respect of obligations of any other entity; make

Table of Contents

Index to Financial Statements

redemptions and repurchases of our capital stock; prepay, redeem or repurchase debt; engage in mergers or consolidations; enter into affiliated transactions; dispose of real estate or other assets; and change our business. In addition, the credit agreement governing our Credit Facility limit the amount of dividends we can pay to 95% of normalized adjusted funds from operations, as defined in the agreements, on a rolling four quarter basis. The indentures governing our senior unsecured notes also limit the amount of dividends we can pay based on the sum of 95% of funds from operations, proceeds of equity issuances and certain other net cash proceeds. Finally, our senior unsecured notes require us to maintain total unencumbered assets (as defined in the related indenture) of not less than 150% of our unsecured indebtedness.

In addition to these restrictions, the Credit Facility contains customary financial and operating covenants, including covenants relating to our total leverage ratio, fixed charge coverage ratio, secured leverage ratio, unsecured leverage ratio, consolidated adjusted net worth, and unsecured interest coverage ratio. This facility also contains customary events of default, including among others, nonpayment of principal or interest, material inaccuracy of representations and failure to comply with our covenants. If an event of default occurs and is continuing under the facility, the entire outstanding balance may become immediately due and payable. At December 31, 2014, we were in compliance with all such financial and operating covenants.

In order for us to continue to qualify as a REIT we are required to distribute annual dividends equal to a minimum of 90% of our REIT taxable income, computed without regard to the dividends paid deduction and our net capital gains. See section titled *Distribution Policy* within this Item 7 of this Annual Report on Form 10-K for further information on our dividend policy along with the historical dividends paid on a per share basis.

Short-term Liquidity Requirements: As of December 31, 2014, we have less than \$0.3 million in debt principal payments due in 2015 see debt maturity schedule below. At February 24, 2015 (and after the amendments to our Credit Facility in October 2014 as described in Note 4 to Item 8 of this Annual Report on Form 10-K and the \$480 million of net proceeds from our equity offering in January 2015), our availability under our revolving credit facility plus cash on-hand approximated \$0.8 billion.

We established an at-the-market equity offering program in January 2014 under which we may sell up to \$250 million in shares (of which \$22.6 million has been sold through February 24, 2015) which may be used for general corporate purposes as needed. We believe any excess availability in our Credit Facility, our current monthly cash receipts from rent and loan interest, and the availability under our at-the-market equity offering program is sufficient to fund our operations, debt and interest obligations, our firm commitments (including capital expenditures, if any, expected funding requirements on our development projects and the completion of Step 2 of the Median acquisition), and dividends in order to comply with REIT requirements for the next twelve months.

Long-term Liquidity Requirements: As of December 31, 2014, we have less than \$0.4 million in debt principal payments due between now and July 2016 . With our liquidity at February 24, 2015 of approximately \$0.8 billion along with our current monthly cash receipts from rent and loan interest and with the availability under our at-the-market equity offering program, we believe we have the liquidity available to us to fund our operations, debt and interest obligations, dividends in order to comply with REIT requirements, and firm commitments (including capital expenditures, if any, and expected funding requirements on our development projects) currently. However, in order to fund our investment strategies post 2015, to fund debt maturities coming due in 2018 and later years, or as we consider longer term financing for our Median transaction, we believe the following sources of capital are generally available in the market and we may access one or a combination of them:

assumptions of existing or placing new secured loans on Median real estate,

amending or entering into new bank term loans,

issuance of new USD or EUR denominated debt securities, including senior unsecured notes,

Table of Contents**Index to Financial Statements**

entering into joint venture arrangements,

proceeds from strategic property sales, and/or

sale of equity securities.

However, there is no assurance that conditions will remain favorable for such possible transactions or that our plans will be successful.

As of December 31, 2014, principal payments due on our debt (which exclude the effects of any discounts or premiums recorded) are as follows (in thousands):

2015	\$ 283
2016	125,298
2017	320
2018	606,271
2019	125,000
Thereafter	1,341,960
Total	\$ 2,199,132

Results of Operations

Our operating results may vary significantly from year-to-year due to a variety of reasons including acquisitions made during the year, incremental revenues and expenses from acquisitions made in the prior year, revenues and expenses from completed development properties, property disposals, annual escalation provisions, foreign currency exchange rate changes, new or amended debt agreements, issuances of shares through an equity offering, etc. Thus, our operating results for the current year are not necessarily indicative of the results that may be expected in future years.

Year Ended December 31, 2014 Compared to the Year Ended December 31, 2013

Net income for the year ended December 31, 2014, was \$50.5 million compared to net income of \$97.0 million for the year ended December 31, 2013. This decrease was due to the \$50.1 million of impairment charges taken in 2014 see note 3 to Item 8 of this Form 10-K for further details along with higher interest and acquisition expenses, partially offset by increased revenues from deals completed in the year. FFO, after adjusting for certain items (as more fully described in Reconciliation of Non-GAAP Financial Measures), was \$181.7 million, or \$1.06 per diluted share for 2014 as compared to \$147.2 million, or \$0.96 per diluted share for 2013, a 23% increase on a dollar basis. This 23% increase in FFO is primarily due to the increase in revenue from acquisitions and the completion of development projects during 2014.

A comparison of revenues for the years ended December 31, 2014 and 2013 is as follows (dollar amounts in thousands):

	2014		2013		Change
		(Dollar amounts in thousands)			
Rent billed	\$ 187,018	59.9%	\$ 132,578	54.7%	\$ 54,440
Straight-line rents	13,507	4.3%	10,706	4.4%	2,801
Income from direct financing leases	49,155	15.7%	40,830	16.8%	8,325
Interest and fee income	62,852	20.1%	58,409	24.1%	4,443
Total revenue	\$ 312,532	100.0%	\$ 242,523	100.0%	\$ 70,009

Table of Contents

Index to Financial Statements

Our total revenue for 2014 is up \$70.0 million or 28.9% over the prior year. This increase is made up of the following:

Rent billed up \$54.4 million over the prior year of which \$2.8 million is from our annual escalation provisions in our leases, \$45.9 million is from incremental revenue from acquisitions made in 2014 and late 2013, and \$9.2 million is incremental revenue from development properties that were completed and put into service in 2014. Approximately \$1 million of base rents were recorded in 2013 related to our Monroe property but none was recorded in the current year.

Straight-line rent up \$2.8 million primarily due to incremental revenue from acquisitions made in late 2013 and 2014 and from development properties that were completed and put into service in 2013 and 2014, partially offset by the \$2.8 million write-off of unbilled rent related to our Gilbert, La Palma, and our wellness center properties.

Income from direct financing leases up \$8.3 million over the prior year of which \$0.6 million is from annual escalation provisions in our leases and \$7.7 million is from incremental revenue from acquisitions made in 2013.

Interest from loans up \$4.4 million over the prior period of which \$1.5 million is from our annual escalation provisions in our loans and \$4.2 million is primarily from new loans, partially offset by the repayment of loans in late 2013 and 2014.

Real estate depreciation and amortization during 2014 was \$53.9 million compared to \$37.0 million in 2013 primarily due to the incremental depreciation/amortization from the facilities acquired in 2014 and the development properties completed in 2013 and 2014.

During 2014, we recorded a \$3.1 million real estate impairment charge on our Bucks facility and a \$47.0 million impairment charge on our Monroe facility see Note 3 to Item 8 of this Form 10-K for further details.

Acquisition expenses increased from \$19.5 million to \$26.4 million primarily as a result of the international acquisitions completed in 2014 and continued activity to pursue potential deals. Included in the 2014 and 2013 acquisition expenses are \$5.8 million and \$12.0 million, respectively, of real estate transfer taxes associated with our international properties.

General and administrative expenses in 2014 totaled \$37.3 million, which is 11.9% of revenues, down from 12.4% of revenues in the prior year. The drop in general and administrative expenses as a percentage of revenue is primarily due to our business model as we can generally increase our revenue significantly without increasing our headcount and related expense at the same rate. On a dollar basis, general and administrative expenses were up \$7.2 million from the prior year due to higher compensation expense (from increased head count and higher cash compensation due to improved financial/operational performance) along with \$2.5 million in higher travel and international expenses as a result of our growth and expansion in 2014. On a go forward basis, we expect our general and administrative expenses to be in the \$10 million range per quarter assuming no significant changes in our operations.

Interest expense for 2014 and 2013 totaled \$98.2 million and \$66.7 million, respectively. This increase is related to higher average debt balances in the current year associated with our 2014 Senior Unsecured Notes and our new and expanded Credit Facility along with the 2013 Senior Unsecured Notes and \$150 million tack on offering to our 2012 Senior Unsecured Notes which were only partially outstanding in 2013. Our weighted average interest rate was 5.4% for 2014, down from 6% in 2013. With the upgrade on our senior unsecured notes to investment grade by Standard & Poor's Rating Services and an upgrade to our corporate credit rating to BB+, we would expect our weighted average interest rate for 2015 to be slightly lower than 2014 assuming no changes in the make-up of our debt or any significant change to the overall interest rate environment. See Note 4 to our consolidated financial statements in Item 8 to this Annual Report on Form 10-K for further information on our debt activities.

Table of Contents**Index to Financial Statements**

In 2014, we incurred \$1.7 million in additional financing expenses of which \$1.4 million related to fees associated with a committed unutilized interim bridge loan that served as a back stop for the partial financing of the Median transaction. The remaining \$0.3 million related to the write-off of certain debt issue costs associated with the replacement of our old credit facility.

Other income (including our earnings from equity and other interests) was up \$4.8 million in 2014 primarily due to the \$2.9 million gain on the La Palma property sale along with foreign currency transaction gains. Our earnings from equity and other interests was down from 2013 due to lower income from our interest in Bucks as the property was sold in August 2014 this interest generated about \$1 million of income annually.

In addition to the items noted above, net income for 2014 and 2013 was impacted by discontinued operations. See Note 11 to our consolidated financial statements in Item 8 to this Form 10-K for further information.

Year Ended December 31, 2013 Compared to the Year Ended December 31, 2012

Net income for the year ended December 31, 2013, was \$97.0 million compared to net income of \$89.9 million for the year ended December 31, 2012. This increase was primarily related to acquisitions made in 2012 and 2013, partially offset by higher interest expense due to additional debt incurred in 2013 and strategic dispositions in 2012 and 2013. FFO, after adjusting for certain items (as more fully described in Reconciliation of Non-GAAP Financial Measures), was \$147.2 million, or \$0.96 per diluted share for 2013 as compared to \$119.4 million, or \$0.90 per diluted share for 2012, a 7% increase on a per share basis. These increases are primarily the result of the same transactions described herein.

A comparison of revenues for the years ended December 31, 2013 and 2012 is as follows (dollar amounts in thousands):

	2013		2012		Change
			(Dollar amounts in thousands)		
Rent Billed	\$ 132,580	54.7%	\$ 118,374	59.7%	\$ 14,206
Percentage rent billed	(2)	%	1,509	0.8%	(1,511)
Straight-line rent	10,706	4.4%	7,911	4.0%	2,795
Income from direct financing leases	40,830	16.8%	21,728	11.0 %	19,102
Interest and fee income	58,409	24.1%	48,603	24.5%	9,806
Total revenue	\$ 242,523	100.0%	\$ 198,125	100.0%	\$ 44,398

Rent billed for 2013 increased 12.0% versus the prior year as a result of \$1.8 million in additional rent generated from annual escalation provisions in our leases and \$15.5 million of incremental revenue from the properties acquired or completed in 2012 and 2013 including the Hammond acquisition, three IASIS acquisitions, the RHM acquisition, and completed development properties. This is partially offset by the \$3.1 million of revenue from our Monroe facility that was recorded in 2012 but not in 2013. Straight-line rent increased 35.3% as a result of the RHM acquisition, the Hammond acquisition in the 2012 fourth quarter and our Twelve Oaks, Little Elm, and Lafayette development deals that came online in 2013.

Income from direct financing leases is higher than the prior year as a result of \$17.1 million of incremental revenue from the Ernest transaction (additional quarter in 2013) and the new Corpus Christi, Roxborough, Reno, Saint John, and Providence facilities along with \$2.0 million of additional income generated from our annual escalation provisions. Interest from loans is higher than the prior year due to the \$4.0 million, \$0.5 million, and \$5.2 million of incremental interest related to the Ernest, Hoboken, and Centinela loans, respectively.

Real estate depreciation and amortization during 2013 was \$37.0 million compared to \$32.8 million in 2012 due to the incremental depreciation from the facilities acquired in 2012, the IASIS and RHM acquisitions in 2013 and the development properties completed in 2013.

Table of Contents

Index to Financial Statements

Acquisition expenses increased from \$5.4 million to \$19.5 million primarily as a result of the RHM and IASIS acquisitions in 2013 along with continued activity to pursue potential deals. As part of the RHM acquisition in the fourth quarter of 2013, we incurred approximately \$12 million in real estate transfer taxes.

General and administrative expenses in 2013 totaled \$30.1 million, which is 12.4% of revenues, down from 14.4% of revenues in the prior year. The drop in general and administrative expenses as a percentage of revenue is primarily due to our business model as we can generally increase our revenue significantly without increasing our headcount and related expense at the same rate. On a dollar basis, general and administrative expenses were up slightly from the prior year, as we incurred more stock compensation expense in 2013 than in 2012. This increase in stock compensation expense is the result of certain performance award hurdles being met earlier than expected due to the total shareholder return performance over the last three years.

We recognized \$3.6 million of earnings from equity and other interests (part of our RIDEA investments) in certain of our tenants in 2013 up from \$2.9 million in 2012. This increase over 2012 is due to the timing of when such investments were made and since we elected to record our share of the investee's earnings on a 90-day lag basis starting in 2012.

Interest expense for 2013 and 2012 totaled \$66.7 million and \$58.2 million, respectively. This increase is related to higher average debt balances in the current year associated with our \$200 million denominated 2013 Senior Unsecured Notes and the \$150 million tuck on offering to our 2012 Senior Unsecured Notes. Our total weighted average interest rates were consistent at 6% in 2013 and 2012. See Note 4 to our consolidated financial statements in Item 8 to this Annual Report on Form 10-K for further information on our debt activities.

In addition to the items noted above, net income for 2013 and 2012 was impacted by discontinued operations. See Note 11 to our consolidated financial statements in Item 8 to this Form 10-K for further information.

Reconciliation of Non-GAAP Financial Measures

Investors and analysts following the real estate industry utilize funds from operations, or FFO, as a supplemental performance measure. FFO, reflecting the assumption that real estate asset values rise or fall with market conditions, principally adjusts for the effects of GAAP depreciation and amortization of real estate assets, which assumes that the value of real estate diminishes predictably over time. We compute FFO in accordance with the definition provided by the National Association of Real Estate Investment Trusts, or NAREIT, which represents net income (loss) (computed in accordance with GAAP), excluding gains (losses) on sales of real estate and impairment charges on real estate assets, plus real estate depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures.

In addition to presenting FFO in accordance with the NAREIT definition, we also disclose normalized FFO, which adjusts FFO for items that relate to unanticipated or non-core events or activities or accounting changes that, if not noted, would make comparison to prior period results and market expectations potentially less meaningful to investors and analysts.

We believe that the use of FFO, combined with the required GAAP presentations, improves the understanding of our operating results among investors and the use of normalized FFO makes comparisons of our operating results with prior periods and other companies more meaningful. While FFO and normalized FFO are relevant and widely used supplemental measures of operating and financial performance of REITs, they should not be viewed as a substitute measure of our operating performance since the measures do not reflect either depreciation and amortization costs or the level of capital expenditures and leasing costs necessary to maintain the operating performance of our properties, which can be significant economic costs that could materially impact our results of operations. FFO and normalized FFO should not be considered an alternative to net income

Table of Contents**Index to Financial Statements**

(loss) (computed in accordance with GAAP) as indicators of our financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of our liquidity.

The following table presents a reconciliation of net income attributable to MPT common stockholders to FFO and normalized FFO for the years ended December 31, 2014, 2013, and 2012 (\$ amounts in thousands except per share data):

	December 31, 2014	For the Year Ended December 31, 2013	December 31, 2012
FFO information:			
Net income attributable to MPT common stockholders	\$ 50,522	\$ 96,991	\$ 89,900
Participating securities share in earnings	(895)	(729)	(887)
Net income, less participating securities share in earnings	\$ 49,627	\$ 96,262	\$ 89,013
Depreciation and amortization:			
Continuing operations	53,938	36,978	32,815
Discontinued operations		708	2,041
Gain on sale of real estate	(2,857)	(7,659)	(16,369)
Real estate impairment charge	5,974		
Funds from operations	\$ 106,682	\$ 126,289	\$ 107,500
Write-off of straight line rent	2,818	1,457	6,456
Acquisition costs	26,389	19,494	5,420
Debt refinancing and unutilized financing expenses	1,698		
Loan and other impairment charges	44,154		
Normalized funds from operations	\$ 181,741	\$ 147,240	\$ 119,376
Per diluted share data:			
Net income, less participating securities share in earnings	\$ 0.29	\$ 0.63	\$ 0.67
Depreciation and amortization:			
Continuing operations	0.31	0.24	0.25
Discontinued operations			0.01
Gain on sale of real estate	(0.01)	(0.04)	(0.12)
Real estate impairment charge	0.04		
Funds from operations	\$ 0.63	\$ 0.83	\$ 0.81
Write-off of straight line rent	0.02	0.01	0.05
Acquisition costs	0.15	0.12	0.04
Debt refinancing and unutilized financing expenses			
Loan and other impairment charges	0.26		
Normalized funds from operations	\$ 1.06	\$ 0.96	\$ 0.90

Distribution Policy

We have elected to be taxed as a REIT commencing with our taxable year that began on April 6, 2004 and ended on December 31, 2004. To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we distribute at least 90% of our REIT taxable income, excluding net capital gain, to our stockholders. It is our current intention to comply with these requirements and maintain such status going forward.

Table of Contents**Index to Financial Statements**

The table below is a summary of our distributions declared for the three year period ended December 31, 2014:

Declaration Date	Record Date	Date of Distribution	Distribution per Share
November 13, 2014	December 4, 2014	January 8, 2015	\$0.21
August 21, 2014	September 18, 2014	October 15, 2014	\$0.21
May 15, 2014	June 12, 2014	July 10, 2014	\$0.21
February 21, 2014	March 14, 2014	April 11, 2014	\$0.21
November 7, 2013	December 3, 2013	January 7, 2014	\$0.21
August 15, 2013	September 12, 2013	October 10, 2013	\$0.20
May 23, 2013	June 13, 2013	July 11, 2013	\$0.20
February 14, 2013	March 14, 2013	April 11, 2013	\$0.20
October 30, 2012	November 23, 2012	January 5, 2013	\$0.20
August 16, 2012	September 13, 2012	October 11, 2012	\$0.20
May 17, 2012	June 14, 2012	July 12, 2012	\$0.20
February 16, 2012	March 15, 2012	April 12, 2012	\$0.20

On February 23, 2015, we announced that our Board of Directors declared a regular quarterly cash dividend of \$0.22 per share of common stock to be paid on April 9, 2015 to stockholders of record on March 12, 2015.

We intend to pay to our stockholders, within the time periods prescribed by the Internal Revenue Code (Code), all or substantially all of our annual REIT taxable income, including taxable gains from the sale of real estate and recognized gains on the sale of securities. It is our policy to make sufficient cash distributions to stockholders in order for us to maintain our status as a REIT under the Code and to avoid corporate income and excise taxes on undistributed income. However, our unsecured credit facility limits the amounts of dividends we can pay see Note 4 to our consolidated financial statements in Item 8 to this Form 10-K for further information.

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. We seek to mitigate the effects of fluctuations in interest rates by matching the terms of new investments with new long-term fixed rate borrowings to the extent possible. We may or may not elect to use financial derivative instruments to hedge interest rate or foreign currency exposure. For interest rate hedging, these decisions are principally based on our policy to match our variable rate investments with comparable borrowings, but are also based on the general trend in interest rates at the applicable dates and our perception of the future volatility of interest rates. For foreign currency, these decisions are principally based on how our investments are financed, the long-term nature of our investments, the need to repatriate earnings back to the U.S. and the general trend in foreign currency exchange rates.

In addition, the value of our facilities will be subject to fluctuations based on changes in local and regional economic conditions and changes in the ability of our tenants to generate profits, all of which may affect our ability to refinance our debt if necessary. The changes in the value of our facilities would be impacted also by changes in cap rates, which is measured by the current base rent divided by the current market value of a facility.

Our primary exposure to market risks relates to fluctuations in interest rates and foreign currency. The following analyses present the sensitivity of the market value, earnings and cash flows of our significant financial instruments to hypothetical changes in interest rates and exchange rates as if these changes had occurred. The hypothetical changes chosen for these analyses reflect our view of changes that are reasonably possible over a one-year period. These forward looking disclosures are selective in nature and only address the potential impact from these hypothetical changes. They do not include other potential effects which could impact our business as

Table of Contents

Index to Financial Statements

a result of changes in market conditions. In addition, they do not include measures we may take to minimize our exposure such as entering into future interest rate swaps to hedge against interest rate increases on our variable rate debt.

Interest Rate Sensitivity

For fixed rate debt, interest rate changes affect the fair market value but do not impact net income to common stockholders or cash flows. Conversely, for floating rate debt, interest rate changes generally do not affect the fair market value but do impact net income to common stockholders and cash flows, assuming other factors are held constant. At December 31, 2014, our outstanding debt totaled \$2.2 billion, which consisted of fixed-rate debt of \$1.5 billion (including \$125.0 million of floating debt swapped to fixed) and variable rate debt of \$718.5 million. If market interest rates increase by one-percent, the fair value of our fixed rate debt at December 31, 2014 would decrease by approximately \$2 million. Changes in the fair value of our fixed rate debt will not have any impact on us unless we decided to repurchase the debt in the open markets.

If market rates of interest on our variable rate debt increase by 1%, the increase in annual interest expense on our variable rate debt would decrease future earnings and cash flows by \$0.1 million per year. If market rates of interest on our variable rate debt decrease by 1%, the decrease in interest expense on our variable rate debt would increase future earnings and cash flows by \$0.1 million per year. This assumes that the average amount outstanding under our variable rate debt for a year is \$718.5 million, the balance of our revolver and term loan at December 31, 2014.

Foreign Currency Sensitivity

With our investments in Germany and the United Kingdom, we are subject to fluctuations in the Euro and British Pound to US dollar currency exchange rates. Increases or decreases in the value of the Euro to US dollar and the British Pound to US dollar exchange rates may impact our financial condition and/or our results of operations. Based solely on operating results for 2014 and on an annualized basis, if the Euro exchange rate were to change by 1%, our net income would change by less than \$0.4 million. Based solely on operating results for 2014 and on an annualized basis, if the British Pound exchange rate were to change by 1%, our net income would change by less than \$0.4 million.

Table of Contents

Index to Financial Statements

ITEM 8. *Financial Statements and Supplementary Data*
Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders

of Medical Properties Trust, Inc.:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a) present fairly, in all material respects, the financial position of Medical Properties Trust, Inc. and its subsidiaries at December 31, 2014 and December 31, 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the index appearing under Item 15(a) present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedules, and on the Company's internal control over financial reporting based on our integrated 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 2 to the consolidated financial statements, the Company adopted Accounting Standards Update 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, which changed the criteria for reporting discontinued operations in during the year ended December 31, 2014.

A company's internal control over financial reporting is a process designed 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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

Table of Contents

Index to Financial Statements

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Birmingham, Alabama

March 2, 2015

Table of Contents

Index to Financial Statements

Report of Independent Registered Public Accounting Firm

To the Partners

of MPT Operating Partnership, L.P.:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a) present fairly, in all material respects, the financial position of MPT Operating Partnership, L.P. and its subsidiaries at December 31, 2014 and December 31, 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the index appearing under Item 15(a) present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedules, and on the Company's internal control over financial reporting based on our integrated 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 2 to the consolidated financial statements, the Company adopted Accounting Standards Update 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, which changed the criteria for reporting discontinued operations in during the year ended December 31, 2014.

A company's internal control over financial reporting is a process designed 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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

Table of Contents

Index to Financial Statements

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Birmingham, Alabama

March 2, 2015

Table of Contents**Index to Financial Statements****MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES****Consolidated Balance Sheets**

	December 31,	
	2014	2013
	(Amounts in thousands, except for per share data)	
ASSETS		
Real estate assets		
Land	\$ 192,551	\$ 154,858
Buildings and improvements	1,848,176	1,578,336
Construction in progress and other	23,163	41,771
Intangible lease assets	108,885	90,490
Net investment in direct financing leases	439,516	431,024
Mortgage loans	397,594	388,756
Gross investment in real estate assets	3,009,885	2,685,235
Accumulated depreciation	(181,441)	(144,235)
Accumulated amortization	(21,186)	(15,541)
Net investment in real estate assets	2,807,258	2,525,459
Cash and cash equivalents	144,541	45,979
Interest and rent receivables	41,137	58,565
Straight-line rent receivables	59,128	45,829
Other loans	573,167	160,990
Other assets	122,105	67,873
Total Assets	\$ 3,747,336	\$ 2,904,695
LIABILITIES AND EQUITY		
Liabilities		
Debt, net	\$ 2,201,654	\$ 1,421,681
Accounts payable and accrued expenses	112,623	94,290
Deferred revenue	27,207	24,114
Lease deposits and other obligations to tenants	23,805	20,402
Total liabilities	2,365,289	1,560,487
Commitments and Contingencies		
Equity		
Preferred stock, \$0.001 par value. Authorized 10,000 shares; no shares outstanding		
Common stock, \$0.001 par value. Authorized 250,000 shares; issued and outstanding 172,743 shares at December 31, 2014 and 161,310 shares at December 31, 2013	172	161
Additional paid-in capital	1,765,381	1,618,054
Distributions in excess of net income	(361,330)	(264,804)
Accumulated other comprehensive loss	(21,914)	(8,941)
Treasury shares, at cost	(262)	(262)
Total Equity	1,382,047	1,344,208
Total Liabilities and Equity	\$ 3,747,336	\$ 2,904,695

See accompanying notes to consolidated financial statements.

Table of ContentsIndex to Financial Statements

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES

Consolidated Statements of Net Income

	For the Years Ended December 31,		
	2014	2013	2012
	(Amounts in thousands,		
	except for per share data)		
Revenues			
Rent billed	\$ 187,018	\$ 132,578	\$ 119,883
Straight-line rent	13,507	10,706	7,911
Income from direct financing leases	49,155	40,830	21,728
Interest and fee income	62,852	58,409	48,603
Total revenues	312,532	242,523	198,125
Expenses			
Real estate depreciation and amortization	53,938	36,978	32,815
Impairment charges	50,128		
Property-related	1,851	2,450	1,477
Acquisition expenses	26,389	19,494	5,420
General and administrative	37,274	30,063	28,562
Total operating expenses	169,580	88,985	68,274
Operating income	142,952	153,538	129,851
Other income (expense)			
Interest and other (expense) income	5,481	(319)	(1,662)
Earnings from equity and other interests	2,559	3,554	2,943
Debt refinancing and unutilized financings expense	(1,698)		
Interest expense	(98,156)	(66,746)	(58,243)
Income tax expense	(340)	(726)	(19)
Net other expenses	(92,154)	(64,237)	(56,981)
Income from continuing operations	50,798	89,301	72,870
Income (loss) from discontinued operations	(2)	7,914	17,207
Net income	50,796	97,215	90,077
Net income attributable to non-controlling interests	(274)	(224)	(177)
Net income attributable to MPT common stockholders	\$ 50,522	\$ 96,991	\$ 89,900
Earnings per share basic			
Income from continuing operations attributable to MPT common stockholders	\$ 0.29	\$ 0.59	\$ 0.54
Income from discontinued operations attributable to MPT common stockholders		0.05	0.13
Net income attributable to MPT common stockholders	\$ 0.29	\$ 0.64	\$ 0.67
Weighted average shares outstanding basic	169,999	151,439	132,331

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Earnings per share diluted

Income from continuing operations attributable to MPT common stockholders	\$ 0.29	\$ 0.58	\$ 0.54
Income from discontinued operations attributable to MPT common stockholders		0.05	0.13

Net income attributable to MPT common stockholders	\$ 0.29	\$ 0.63	\$ 0.67
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Weighted average shares outstanding diluted	170,540	152,598	132,333
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See accompanying notes to consolidated financial statements.

Table of Contents**Index to Financial Statements****MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES****Consolidated Statements of Comprehensive Income**

(In thousands)	For the Years Ended December 31,		
	2014	2013	2012
Net income	\$ 50,796	\$ 97,215	\$ 90,077
Other comprehensive income (loss):			
Unrealized gain (loss) on interest rate swap	2,964	3,474	(251)
Foreign currency translation gain (loss)	(15,937)	67	
Total comprehensive income	37,823	100,756	89,826
Comprehensive income attributable to non-controlling interests	(274)	(224)	(177)
Comprehensive income attributable to MPT common stockholders	\$ 37,549	\$ 100,532	\$ 89,649

See accompanying notes to consolidated financial statements.

Table of ContentsIndex to Financial Statements

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES

Consolidated Statements of Equity

For the Years Ended December 31, 2014, 2013 and 2012

(Amounts in thousands, except per share data)

	Preferred Par Shares Value	Common Shares Par Value	Additional Paid-in Capital	Distributions in Excess of Net Income	Accumulated Other Comprehensive Loss	Treasury Stock	Non-Controlling Interests	Total Equity
Balance at December 31, 2011	\$	110,786	\$ 111	\$ 1,055,256	\$ (214,059)	\$ (12,231)	\$ (262)	\$ 828,815
Net income				89,900			177	90,077
Unrealized loss on interest rate swaps					(251)			(251)
Stock vesting and amortization of stock-based compensation		854	1	7,636				7,637
Distributions to non-controlling interests							(177)	(177)
Proceeds from offering (net of offering costs)		24,695	24	233,024				233,048
Dividends declared (\$0.80 per common share)				(109,335)				(109,335)
Balance at December 31, 2012	\$	136,335	\$ 136	\$ 1,295,916	\$ (233,494)	\$ (12,482)	\$ (262)	\$ 1,049,814
Net income				96,991			224	97,215
Unrealized gain on interest rate swaps					3,474			3,474
Foreign currency translation gain					67			67
Stock vesting and amortization of stock-based compensation		811	1	8,832				8,833
Distributions to non-controlling interests							(224)	(224)
Proceeds from offering (net of offering costs)		24,164	24	313,306				313,330
Dividends declared (\$0.81 per common share)				(128,301)				(128,301)
Balance at December 31, 2013	\$	161,310	\$ 161	\$ 1,618,054	\$ (264,804)	\$ (8,941)	\$ (262)	\$ 1,344,208
Net income				50,522			274	50,796
Unrealized gain on interest rate swaps					2,964			2,964
Foreign currency translation loss					(15,937)			(15,937)
Stock vesting and amortization of stock-based compensation		777		9,165				9,165
Distributions to non-controlling interests							(274)	(274)
Proceeds from offering (net of offering costs)		10,656	11	138,162				138,173
Dividends declared (\$0.84 per common share)				(147,048)				(147,048)

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Balance at December 31, 2014	\$	172,743	\$	172	\$	1,765,381	\$	(361,330)	\$	(21,914)	\$	(262)	\$	1,382,047
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See accompanying notes to consolidated financial statements.

Table of Contents**Index to Financial Statements****MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES****Consolidated Statements of Cash Flows**

	For the Years Ended December 31,		
	2014	2013	2012
	(Amounts in thousands)		
Operating activities			
Net income	\$ 50,796	\$ 97,215	\$ 90,077
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	55,162	38,818	35,593
Amortization and write-off of deferred financing costs and debt discount	5,105	3,559	3,457
Direct financing lease accretion	(6,701)	(5,774)	(3,104)
Straight-line rent revenue	(16,325)	(11,265)	(8,309)
Share-based compensation expense	9,165	8,833	7,637
(Gain) loss from sale of real estate	(2,857)	(7,659)	(16,369)
Impairment charges	50,128		
Straight-line rent write-off	2,818	1,457	6,456
Other adjustments	520	(70)	538
Decrease (increase) in:			
Interest and rent receivable	(3,856)	(13,211)	(17,261)
Other assets	764	1,855	91
Accounts payable and accrued expenses	6,209	23,867	9,201
Deferred revenue	(485)	3,177	(2,698)
Net cash provided by operating activities	150,443	140,802	105,309
Investing activities			
Cash paid for acquisitions and other related investments	(767,696)	(654,922)	(621,490)
Net proceeds from sale of real estate	34,649	32,409	71,202
Principal received on loans receivable	11,265	7,249	10,931
Investment in loans receivable	(12,782)	(3,746)	(1,293)
Construction in progress	(102,333)	(41,452)	(44,570)
Other investments, net	(13,126)	(52,115)	(31,908)
Net cash (used for) provided by investing activities	(850,023)	(712,577)	(617,128)
Financing activities			
Additions to term debt	425,000	424,580	300,000
Payments of term debt	(100,266)	(11,249)	(232)
Payment of deferred financing costs	(14,496)	(9,760)	(6,247)
Revolving credit facilities, net	490,625	(20,000)	35,400
Distributions paid	(144,365)	(120,309)	(103,952)
Lease deposits and other obligations to tenants	7,892	3,231	(11,436)
Proceeds from sale of common shares, net of offering costs	138,173	313,330	233,048
Other			(177)
Net cash provided by financing activities	802,563	579,823	446,404
Increase (decrease) in cash and cash equivalents for the year	102,983	8,048	(65,415)
Effect of exchange rate changes	(4,421)	620	
Cash and cash equivalents at beginning of year	45,979	37,311	102,726
Cash and cash equivalents at end of year	\$ 144,541	\$ 45,979	\$ 37,311

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Interest paid, including capitalized interest of \$1,860 in 2014, \$1,729 in 2013, and \$1,596 in 2012	\$ 91,890	\$ 58,110	\$ 51,440
Supplemental schedule of non-cash investing activities:			
Loan conversion to equity interest	\$	\$	\$ 1,648
Mortgage loan issued from sale of real estate	12,500		3,650
Supplemental schedule of non-cash financing activities:			
Dividends declared, not paid	\$ 38,461	\$ 35,778	\$ 27,786

See accompanying notes to consolidated financial statements.

Table of Contents**Index to Financial Statements****MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES****Consolidated Balance Sheets**

	December 31,	
	2014	2013
	(Amounts in thousands, except for per unit data)	
ASSETS		
Real estate assets		
Land	\$ 192,551	\$ 154,858
Buildings and improvements	1,848,176	1,578,336
Construction in progress and other	23,163	41,771
Intangible lease assets	108,885	90,490
Net investment in direct financing leases	439,516	431,024
Mortgage loans	397,594	388,756
Gross investment in real estate assets	3,009,885	2,685,235
Accumulated depreciation	(181,441)	(144,235)
Accumulated amortization	(21,186)	(15,541)
Net investment in real estate assets	2,807,258	2,525,459
Cash and cash equivalents	144,541	45,979
Interest and rent receivables	41,137	58,565
Straight-line rent receivables	59,128	45,829
Other loans	573,167	160,990
Other assets	122,105	67,873
Total Assets	\$ 3,747,336	\$ 2,904,695
LIABILITIES AND CAPITAL		
Liabilities		
Debt, net	\$ 2,201,654	\$ 1,421,681
Accounts payable and accrued expenses	74,195	58,538
Deferred revenue	27,207	24,114
Lease deposits and other obligations to tenants	23,805	20,402
Payable due to Medical Properties Trust, Inc.	38,038	35,362
Total liabilities	2,364,899	1,560,097
Commitments and Contingencies		
Capital		
General partner issued and outstanding 1,722 units at December 31, 2014 and 1,608 units at December 31, 2013	14,055	13,541
Limited Partners:		
Common units issued and outstanding 171,021 units at December 31, 2014 and 159,702 units at December 31, 2013	1,390,296	1,339,998
LTIP units issued and outstanding 292 units at December 31, 2014 and 292 units at December 31, 2013		
Accumulated other comprehensive loss	(21,914)	(8,941)
Total Capital	1,382,437	1,344,598
Total Liabilities and Capital	\$ 3,747,336	\$ 2,904,695

See accompanying notes to consolidated financial statements.

Table of ContentsIndex to Financial Statements

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES

Consolidated Statements of Net Income

	For the Years Ended December 31,		
	2014	2013	2012
	(Amounts in thousands, except for per unit data)		
Revenues			
Rent billed	\$ 187,018	\$ 132,578	\$ 119,883
Straight-line rent	13,507	10,706	7,911
Income from direct financing leases	49,155	40,830	21,728
Interest and fee income	62,852	58,409	48,603
Total revenues	312,532	242,523	198,125
Expenses			
Real estate depreciation and amortization	53,938	36,978	32,815
Impairment charges	50,128		
Property-related	1,851	2,450	1,477
Acquisition expenses	26,389	19,494	5,420
General and administrative	37,274	30,063	28,562
Total operating expense	169,580	88,985	68,274
Operating income	142,952	153,538	129,851
Other income (expense)			
Interest and other (expense) income	5,481	(319)	(1,662)
Earnings from equity and other interests	2,559	3,554	2,943
Debt refinancing and unutilized financings expense	(1,698)		
Interest expense	(98,156)	(66,746)	(58,243)
Income tax expense	(340)	(726)	(19)
Net other expenses	(92,154)	(64,237)	(56,981)
Income from continuing operations	50,798	89,301	72,870
Income (loss) from discontinued operations	(2)	7,914	17,207
Net income	50,796	97,215	90,077
Net income attributable to non-controlling interests	(274)	(224)	(177)
Net income attributable to MPT Operating Partnership partners	\$ 50,522	\$ 96,991	\$ 89,900
Earnings per unit basic			
Income from continuing operations attributable to MPT Operating Partnership partners	\$ 0.29	\$ 0.59	\$ 0.54
Income from discontinued operations attributable to MPT Operating Partnership partners		0.05	0.13
Net income attributable to MPT Operating Partnership partners	\$ 0.29	\$ 0.64	\$ 0.67
Weighted average units outstanding basic	169,999	151,439	132,331
Earnings per unit diluted			

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Income from continuing operations attributable to MPT Operating Partnership partners	\$ 0.29	\$ 0.58	\$ 0.54
Income from discontinued operations attributable to MPT Operating Partnership partners		0.05	0.13
Net income attributable to MPT Operating Partnership partners	\$ 0.29	\$ 0.63	\$ 0.67
Weighted average units outstanding diluted	170,540	152,598	132,333

See accompanying notes to consolidated financial statements.

Table of Contents**Index to Financial Statements****MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES****Consolidated Statements of Comprehensive Income**

(In thousands)	For the Years Ended December 31,		
	2014	2013	2012
Net income	\$ 50,796	\$ 97,215	\$ 90,077
Other comprehensive income (loss):			
Unrealized gain (loss) on interest rate swap	2,964	3,474	(251)
Foreign currency translation (loss) gain	(15,937)	67	
Total comprehensive income	37,823	100,756	89,826
Comprehensive income attributable to non-controlling interests	(274)	(224)	(177)
Comprehensive income attributable to MPT Operating Partnership partners	\$ 37,549	\$ 100,532	\$ 89,649

See accompanying notes to consolidated financial statements.

Table of ContentsIndex to Financial Statements**MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES****Consolidated Statements of Capital****For the Years Ended December 31, 2014, 2013 and 2012****(Amounts in thousands, except per unit data)**

	General Partner		Limited Partners Common		LTIPs		Accumulated Other Comprehensive Loss	Non-Controlling Interests	Total Capital
	Units	Unit Value	Units	Unit Value	Units	Unit Value			
Balance at December 31, 2011	1,107	\$ 8,418	109,679	\$ 833,018	150	\$	\$ (12,231)	\$	\$ 829,205
Net income		899		88,733		268		177	90,077
Unrealized loss on interest rate swaps							(251)		(251)
Unit vesting and amortization of unit-based compensation	4	76	850	7,561	71				7,637
Proceeds from offering (net of offering costs)	246	2,331	24,449	230,717					233,048
Distributions to non- controlling interests								(177)	(177)
Distributions declared (\$0.80 per unit)		(1,094)		(107,973)		(268)			(109,335)
Balance at December 31, 2012	1,357	\$ 10,630	134,978	\$ 1,052,056	221	\$	\$ (12,482)	\$	\$ 1,050,204
Net income		972		95,748		271		224	97,215
Unrealized gain on interest rate swaps							3,474		3,474
Foreign currency translation gain							67		67
Unit vesting and amortization of unit-based compensation	9	88	802	8,745	71				8,833
Proceeds from offering (net of offering costs)	242	3,133	23,922	310,197					313,330
Distributions to non- controlling interests								(224)	(224)
Distributions declared (\$0.81 per unit)		(1,282)		(126,748)		(271)			(128,301)
Balance at December 31, 2013	1,608	\$ 13,541	159,702	\$ 1,339,998	292	\$	\$ (8,941)	\$	\$ 1,344,598
Net income		508		49,769		245		274	50,796
Unrealized gain on interest rate swaps							2,964		2,964
Foreign currency translation loss							(15,937)		(15,937)
Unit vesting and amortization of unit-based compensation	8	92	769	9,073					9,165
Proceeds from offering (net of offering costs)	106	1,382	10,550	136,791					138,173
Distributions to non- controlling interests								(274)	(274)
Distributions declared (\$0.84 per unit)		(1,468)		(145,335)		(245)			(147,048)
Balance at December 31, 2014	1,722	\$ 14,055	171,021	\$ 1,390,296	292	\$	\$ (21,914)	\$	\$ 1,382,437

See accompanying notes to consolidated financial statements.

Table of Contents**Index to Financial Statements****MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES****Consolidated Statements of Cash Flows**

	For the Years Ended December 31,		
	2014	2013	2012
	(Amounts in thousands)		
Operating activities			
Net income	\$ 50,796	\$ 97,215	\$ 90,077
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	55,162	38,818	35,593
Amortization and write-off of deferred financing costs and debt discount	5,105	3,559	3,457
Direct financing lease interest accretion	(6,701)	(5,774)	(3,104)
Straight-line rent revenue	(16,325)	(11,265)	(8,309)
Unit-based compensation expense	9,165	8,833	7,637
(Gain) loss from sale of real estate	(2,857)	(7,659)	(16,369)
Impairment charges	50,128		
Straight-line rent write-off	2,818	1,457	6,456
Other adjustments	520	(70)	538
Decrease (increase) in:			
Interest and rent receivable	(3,856)	(13,211)	(17,261)
Other assets	764	1,855	91
Accounts payable and accrued expenses	6,209	23,867	9,201
Deferred revenue	(485)	3,177	(2,698)
Net cash provided by operating activities	150,443	140,802	105,309
Investing activities			
Cash paid for acquisitions and other related investments	(767,696)	(654,922)	(621,490)
Net proceeds from sale of real estate	34,649	32,409	71,202
Principal received on loans receivable	11,265	7,249	10,931
Investment in loans receivable	(12,782)	(3,746)	(1,293)
Construction in progress	(102,333)	(41,452)	(44,570)
Other investments, net	(13,126)	(52,115)	(31,908)
Net cash (used for) provided by investing activities	(850,023)	(712,577)	(617,128)
Financing activities			
Additions to term debt	425,000	424,580	300,000
Payments of term debt	(100,266)	(11,249)	(232)
Payment of deferred financing costs	(14,496)	(9,760)	(6,247)
Revolving credit facilities, net	490,625	(20,000)	35,400
Distributions paid	(144,365)	(120,309)	(103,952)
Lease deposits and other obligations to tenants	7,892	3,231	(11,436)
Proceeds from sale of units, net of offering costs	138,173	313,330	233,048
Other			(177)
Net cash provided by financing activities	802,563	579,823	446,404
Increase (decrease) in cash and cash equivalents for the year	102,983	8,048	(65,415)
Effect of exchange rate changes	(4,421)	620	
Cash and cash equivalents at beginning of year	45,979	37,311	102,726
Cash and cash equivalents at end of year	\$ 144,541	\$ 45,979	\$ 37,311

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Interest paid, including capitalized interest of \$1,860 in 2014, \$1,729 in 2013, and \$1,596 in 2012	\$ 91,890	\$ 58,110	\$ 51,440
Supplemental schedule of non-cash investing activities:			
Loan conversion to equity interest	\$	\$	\$ 1,648
Mortgage loan issued from sale of real estate	12,500		3,650
Supplemental schedule of non-cash financing activities:			
Dividends declared, not paid	\$ 38,461	\$ 35,778	\$ 27,786

See accompanying notes to consolidated financial statements.

Table of Contents

Index to Financial Statements

MEDICAL PROPERTIES TRUST, INC. AND SUBSIDIARIES

MPT OPERATING PARTNERSHIP, L.P. AND SUBSIDIARIES

Notes To Consolidated Financial Statements

1. Organization

Medical Properties Trust, Inc., a Maryland corporation, was formed on August 27, 2003, under the General Corporation Law of Maryland for the purpose of engaging in the business of investing in, owning, and leasing healthcare real estate. Our operating partnership subsidiary, MPT Operating Partnership, L.P., (the Operating Partnership) through which we conduct all of our operations, was formed in September 2003. Through another wholly-owned subsidiary, Medical Properties Trust, LLC, we are the sole general partner of the Operating Partnership. At present, we directly own substantially all of the limited partnership interests in the Operating Partnership and have elected to report our required disclosures and that of the Operating Partnership on a combined basis except where material differences exist.

We have operated as a real estate investment trust (REIT) since April 6, 2004, and accordingly, elected REIT status upon the filing in September 2005 of the calendar year 2004 federal income tax return. Accordingly, we will generally not be subject to U.S. federal income tax, provided that we continue to qualify as a REIT and our distributions to our stockholders equal or exceed our taxable income.

Our primary business strategy is to acquire and develop real estate and improvements, primarily for long-term lease to providers of healthcare services such as operators of general acute care hospitals, inpatient physical rehabilitation hospitals, long-term acute care hospitals, surgery centers, centers for treatment of specific conditions such as cardiac, pulmonary, cancer, and neurological hospitals, and other healthcare-oriented facilities. We also make mortgage and other loans to operators of similar facilities. In addition, we may obtain profits or equity interests in our tenants, from time to time, in order to enhance our overall return. We manage our business as a single business segment. All of our properties are located in the United States and Europe.

2. Summary of Significant Accounting Policies

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation: Property holding entities and other subsidiaries of which we own 100% of the equity or have a controlling financial interest evidenced by ownership of a majority voting interest are consolidated. All inter-company balances and transactions are eliminated. For entities in which we own less than 100% of the equity interest, we consolidate the property if we have the direct or indirect ability to control the entities' activities based upon the terms of the respective entities' ownership agreements. For these entities, we record a non-controlling interest representing equity held by non-controlling interests.

We continually evaluate all of our transactions and investments to determine if they represent variable interests in a variable interest entity (VIE). If we determine that we have a variable interest in a VIE, we then evaluate if we are the primary beneficiary of the VIE. The evaluation is a qualitative assessment as to whether we have the ability to direct the activities of a VIE that most significantly impact the entity's economic performance. We consolidate each VIE in which we, by virtue of or transactions with our investments in the entity, are considered to be the primary beneficiary.

Table of Contents**Index to Financial Statements**

At December 31, 2014, we had loans and/or equity investments in certain VIEs, which are also tenants of our facilities (including but not limited to Ernest and Vibra). We have determined that we are not the primary beneficiary of these VIEs. The carrying value and classification of the related assets and maximum exposure to loss as a result of our involvement with these VIEs are presented below at December 31, 2014 (in thousands):

VIE Type	Maximum Loss Exposure(1)	Asset Type Classification	Carrying Amount(2)
Loans, net	\$257,208	Mortgage and other loans	\$ 207,617
Equity investments	\$ 53,542	Other assets	\$ 5,490

(1) Our maximum loss exposure related to loans with VIEs represents our current aggregate gross carrying value of the loan plus accrued interest and any other related assets (such as rents receivable), less any liabilities. Our maximum loss exposure related to our equity investment in VIEs represent the current carrying values of such investment plus any other related assets (such as rent receivables) less any liabilities.

(2) Carrying amount reflects the net book value of our loan or equity interest only in the VIE.

For the VIE types above, we do not consolidate the VIE because we do not have the ability to control the activities (such as the day-to-day healthcare operations of our borrowers or investees) that most significantly impact the VIE's economic performance. As of December 31, 2014, we were not required to provide financial support through a liquidity arrangement or otherwise to our unconsolidated VIEs, including circumstances in which it could be exposed to further losses (e.g., cash short falls).

Typically, our loans are collateralized by assets of the borrower (some assets of which are on the premises of facilities owned by us) and further supported by limited guarantees made by certain principals of the borrower.

See Note 3 for additional description of the nature, purpose and activities of our more significant VIEs and interests therein.

Investments in Unconsolidated Entities: Investments in entities in which we have the ability to influence (but not control) are typically accounted for by the equity method. Under the equity method of accounting, our share of the investee's earnings or losses are included in our consolidated results of operations, and we have elected to record our share of such investee's earnings or losses on a 90-day lag basis. The initial carrying value of investments in unconsolidated entities is based on the amount paid to purchase the interest in the investee entity. Subsequently, our investments are increased by the equity in our investee earnings and decreased by cash distributions from our investees. To the extent that our cost basis is different from the basis reflected at the investee entity level, the basis difference is generally amortized over the lives of the related assets and liabilities, and such amortization is included in our share of equity in earnings of the investee. We evaluate our equity method investments for impairment based upon a comparison of the fair value of the equity method investment to its carrying value. If we determine a decline in the fair value of an investment in an unconsolidated investee entity below its carrying value is other - than - temporary, an impairment is recorded.

Cash and Cash Equivalents: Certificates of deposit, short-term investments with original maturities of three months or less and money-market mutual funds are considered cash equivalents. The majority of our cash and cash equivalents are held at major commercial banks which at times may exceed the Federal Deposit Insurance Corporation limit. We have not experienced any losses to date on our invested cash. Cash and cash equivalents which have been restricted as to its use are recorded in other assets.

Revenue Recognition: We receive income from operating leases based on the fixed, minimum required rents (base rents) per the lease agreements. Rent revenue from base rents is recorded on the straight-line method over the terms of the related lease agreements for new leases and the remaining terms of existing leases for those acquired as part of a property acquisition. The straight-line method records the periodic average amount of base rent earned over the term of a lease, taking into account contractual rent increases over the lease term. The

Table of Contents**Index to Financial Statements**

straight-line method typically has the effect of recording more rent revenue from a lease than a tenant is required to pay early in the term of the lease. During the later parts of a lease term, this effect reverses with less rent revenue recorded than a tenant is required to pay. Rent revenue, as recorded on the straight-line method, in the consolidated statements of income is presented as two amounts: billed rent revenue and straight-line revenue. Billed rent revenue is the amount of base rent actually billed to the customer each period as required by the lease. Straight-line rent revenue is the difference between rent revenue earned based on the straight-line method and the amount recorded as billed rent revenue. We record the difference between base rent revenues earned and amounts due per the respective lease agreements, as applicable, as an increase or decrease to straight-line rent receivable.

Certain leases may provide for additional rents contingent upon a percentage of the tenant's revenue in excess of specified base amounts/thresholds (percentage rents). Percentage rents are recognized in the period in which revenue thresholds are met. Rental payments received prior to their recognition as income are classified as deferred revenue. We also receive additional rent (contingent rent) under some leases based on increases in the consumer price index or when the consumer price index exceeds the annual minimum percentage increase in the lease. Contingent rents are recorded as billed rent revenue in the period earned.

We use direct finance lease accounting (DFL) to record rent on certain leases deemed to be financing leases, per accounting rules, rather than operating leases. For leases accounted for as DFLs, the future minimum lease payments are recorded as a receivable. The difference between the future minimum lease payments and the estimated residual values less the cost of the properties is recorded as unearned income. Unearned income is deferred and amortized to income over the lease terms to provide a constant yield when collectability of the lease payments is reasonably assured. Investments in DFLs are presented net of unamortized and unearned income.

In instances where we have a profits or equity interest in our tenant's operations, we record income equal to our percentage interest of the tenant's profits, as defined in the lease or tenant's operating agreements, once annual thresholds, if any, are met.

We begin recording base rent income from our development projects when the lessee takes physical possession of the facility, which may be different from the stated start date of the lease. Also, during construction of our development projects, we are generally entitled to accrue rent based on the cost paid during the construction period (construction period rent). We accrue construction period rent as a receivable with a corresponding offset to deferred revenue during the construction period. When the lessee takes physical possession of the facility, we begin recognizing the deferred construction period revenue on the straight-line method over the remaining term of the lease.

We receive interest income from our tenants/borrowers on mortgage loans, working capital loans, and other long-term loans. Interest income from these loans is recognized as earned based upon the principal outstanding and terms of the loans.

Commitment fees received from development and leasing services for lessees are initially recorded as deferred revenue and recognized as income over the initial term of a lease to produce a constant effective yield on the lease (interest method). Commitment and origination fees from lending services are also recorded as deferred revenue initially and recognized as income over the life of the loan using the interest method.

Tenant payments for certain taxes, insurance, and other operating expenses related to our facilities (most of which are paid directly by our tenants to the government or related vendor) are recorded net of the respective expense as generally our leases are triple-net leases, with terms requiring such expenses to be paid by our tenants. Failure on the part of our tenants to pay such expense or to pay late would result in a violation of the lease agreement, which could lead to an event of default, if not cured.

Acquired Real Estate Purchase Price Allocation: For existing properties acquired for leasing purposes, we account for such acquisitions based on business combination accounting rules. We allocate the purchase price of acquired properties to net tangible and identified intangible assets acquired based on their fair values. In making

Table of Contents

Index to Financial Statements

estimates of fair values for purposes of allocating purchase prices of acquired real estate, we may utilize a number of sources, from time to time, including available real estate broker data, independent appraisals that may be obtained in connection with the acquisition or financing of the respective property, internal data from previous acquisitions or developments, and other market data. We also consider information obtained about each property as a result of our pre-acquisition due diligence, marketing and leasing activities in estimating the fair value of the tangible and intangible assets acquired.

We record above-market and below-market in-place lease values, if any, for our facilities, which are based on the present value of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management's estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining non-cancelable term of the lease. We amortize any resulting capitalized above-market lease values as a reduction of rental income over the lease term. We amortize any resulting capitalized below-market lease values as an increase to rental income over the lease term.

We measure the aggregate value of other lease intangible assets acquired based on the difference between (i) the property valued with new or in-place leases adjusted to market rental rates and (ii) the property valued as if vacant. Management's estimates of value are made using methods similar to those used by independent appraisers (e.g., discounted cash flow analysis). Factors considered by management in our analysis include an estimate of carrying costs during hypothetical expected lease-up periods, considering current market conditions, and costs to execute similar leases. We also consider information obtained about each targeted facility as a result of our pre-acquisition due diligence, marketing, and leasing activities in estimating the fair value of the intangible assets acquired. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, which we expect to be about six months depending on specific local market conditions. Management also estimates costs to execute similar leases including leasing commissions, legal costs, and other related expenses to the extent that such costs are not already incurred in connection with a new lease origination as part of the transaction.

Other intangible assets acquired, may include customer relationship intangible values which are based on management's evaluation of the specific characteristics of each prospective tenant's lease and our overall relationship with that tenant. Characteristics to be considered by management in allocating these values include the nature and extent of our existing business relationships with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality and expectations of lease renewals, including those existing under the terms of the lease agreement, among other factors.

We amortize the value of lease intangibles to expense over the initial term of the respective leases. If a lease is terminated, the unamortized portion of the lease intangibles are charged to expense.

Real Estate and Depreciation: Real estate, consisting of land, buildings and improvements, are maintained at cost. Although typically paid by our tenants, any expenditure for ordinary maintenance and repairs that we pay are expensed to operations as incurred. Significant renovations and improvements which improve and/or extend the useful life of the asset are capitalized and depreciated over their estimated useful lives. We record impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets, including an estimated liquidation amount, during the expected holding periods are less than the carrying amounts of those assets. Impairment losses are measured as the difference between carrying value and fair value of assets. For assets held for sale, we cease recording depreciation expense and adjust the assets' value to the lower of its carrying value or fair value, less cost of disposal. Fair value is based on estimated cash flows discounted at a risk-adjusted rate of interest. We classify real estate assets as held for sale when we have commenced an active program to sell the assets, and in the opinion of management, it is probable the asset will be sold within the next 12 months.

Construction in progress includes the cost of land, the cost of construction of buildings, improvements and fixed equipment, and costs for design and engineering. Other costs, such as interest, legal, property taxes and

Table of Contents**Index to Financial Statements**

corporate project supervision, which can be directly associated with the project during construction, are also included in construction in progress. We commence capitalization of costs associated with a development project when the development of the future asset is probable and activities necessary to get the underlying property ready for its intended use have been initiated. We stop the capitalization of costs when the property is substantially complete and ready for its intended use.

Depreciation is calculated on the straight-line method over the useful lives of the related real estate and other assets. Our weighted-average useful lives at December 31, 2014 are as follows:

Buildings and improvements	37.9 years
Tenant lease intangibles	17.9 years
Leasehold improvements	22.3 years
Furniture, equipment and other	6.5 years

Losses from Rent Receivables: For all leases, we continuously monitor the performance of our existing tenants including, but not limited to: admission levels and surgery/procedure volumes by type; current operating margins; ratio of our tenants operating margins both to facility rent and to facility rent plus other fixed costs; trends in revenue and patient mix; and the effect of evolving healthcare regulations on tenants profitability and liquidity.

Losses from Operating Lease Receivables: We utilize the information above along with the tenants payment and default history in evaluating (on a property-by-property basis) whether or not a provision for losses on outstanding rent receivables is needed. A provision for losses on rent receivables (including straight-line rent receivables) is ultimately recorded when it becomes probable that the receivable will not be collected in full. The provision is an amount which reduces the receivable to its estimated net realizable value based on a determination of the eventual amounts to be collected either from the debtor or from existing collateral, if any.

Losses on DFL Receivables: Allowances are established for DFLs based upon an estimate of probable losses for the individual DFLs deemed to be impaired. DFLs are impaired when it is deemed probable that we will be unable to collect all amounts due in accordance with the contractual terms of the lease. Like operating lease receivables, the need for an allowance is based upon our assessment of the lessees overall financial condition; economic resources and payment record; the prospects for support from any financially responsible guarantors; and, if appropriate, the realizable value of any collateral. These estimates consider all available evidence including the expected future cash flows discounted at the DFLs effective interest rate, fair value of collateral, and other relevant factors, as appropriate. DFLs are placed on non-accrual status when we determine that the collectability of contractual amounts is not reasonably assured. While on non-accrual status, we generally account for the DFLs on a cash basis, in which income is recognized only upon receipt of cash.

Loans: Loans consist of mortgage loans, working capital loans and other long-term loans. Mortgage loans are collateralized by interests in real property. Working capital and other long-term loans are generally collateralized by interests in receivables and corporate and individual guarantees. We record loans at cost. We evaluate the collectability of both interest and principal on a loan-by-loan basis (using the same process as we do for assessing the collectability of rents) to determine whether they are impaired. A loan is considered impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due according to the existing contractual terms. When a loan is considered to be impaired, the amount of the allowance is calculated by comparing the recorded investment to either the value determined by discounting the expected future cash flows using the loans effective interest rate or to the fair value of the collateral if the loan is collateral dependent. When a loan is deemed to be impaired, we generally place the loan on non-accrual status and record interest income only upon receipt of cash.

Table of Contents**Index to Financial Statements**

Earnings Per Share/Units: Basic earnings per common share/unit is computed by dividing net income applicable to common shares/units by the weighted number of shares/units of common stock/units outstanding during the period. Diluted earnings per common share/units is calculated by including the effect of dilutive securities.

Our unvested restricted stock/unit awards contain non-forfeitable rights to dividends, and accordingly, these awards are deemed to be participating securities. These participating securities are included in the earnings allocation in computing both basic and diluted earnings per common share/unit.

Income Taxes: We conduct our business as a real estate investment trust (REIT) under Sections 856 through 860 of the Internal Revenue Code. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute to stockholders at least 90% of our REIT's ordinary taxable income. As a REIT, we generally are not subject to federal income tax on taxable income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will then be subject to federal income taxes on our taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost, unless the Internal Revenue Service (IRS) grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and net cash available for distribution to stockholders. However, we intend to operate in such a manner so that we will remain qualified as a REIT for federal income tax purposes.

Our financial statements include the operations of taxable REIT subsidiaries (TRS), including MPT Development Services, Inc. (MDS) and MPT Covington TRS, Inc. (CVT), along with around 30 others, which are single member LLCs that are disregarded for tax purposes and are reflected in the tax returns of MDS. Our TRS entities are not entitled to a dividends paid deduction and are subject to federal, state, and local income taxes. Our TRS entities are authorized to provide property development, leasing, and management services for third-party owned properties, and they make loans to and/or investments in our lessees.

With the property acquisitions in Germany and the United Kingdom, we will be subject to income taxes internationally. However, we do not expect to incur any additional income taxes in the United States as such income from our international properties will flow through our REIT income tax returns. For our TRS and international subsidiaries, we determine deferred tax assets and liabilities based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Any increase or decrease in our deferred tax receivables/liabilities that results from a change in circumstances and that causes us to change our judgment about expected future tax consequences of events, is reflected in our tax provision when such changes occur. Deferred income taxes also reflect the impact of operating loss carryforwards. A valuation allowance is provided if we believe it is more likely than not that all or some portion of the deferred tax asset will not be realized. Any increase or decrease in the valuation allowance that results from a change in circumstances, and that causes us to change our judgment about the realizability of the related deferred tax asset, is reflected in our tax provision when such changes occur.

Stock-Based Compensation: We adopted the 2013 Equity Incentive Plan (the Equity Incentive Plan) during the second quarter of 2013. Awards of restricted stock, stock options and other equity-based awards with service conditions are amortized to compensation expense over the vesting periods (typically three years), using the straight-line method. Awards of deferred stock units vest when granted and are charged to expense at the date of grant. Awards that contain market conditions are amortized to compensation expense over the derived vesting periods, which correspond to the periods over which we estimate the awards will be earned, which generally range from three to five years, using the straight-line method. Awards with performance conditions are amortized using the straight-line method over the service period in which the performance conditions are measured, adjusted for the probability of achieving the performance conditions.

Deferred Costs: Costs incurred prior to the completion of offerings of stock or debt that directly relate to the offerings are deferred and netted against proceeds received from the offering. External costs incurred in

Table of Contents**Index to Financial Statements**

connection with anticipated financings and refinancings of debt are generally capitalized as deferred financing costs in other assets and amortized over the lives of the related debt as an addition to interest expense. For debt with defined principal re-payment terms, the deferred costs are amortized to produce a constant effective yield on the loan (interest method). For debt without defined principal repayment terms, such as revolving credit agreements, the deferred costs are amortized on the straight-line method over the term of the debt. Leasing commissions and other leasing costs directly attributable to tenant leases are capitalized as deferred leasing costs and amortized on the straight-line method over the terms of the related lease agreements. Costs identifiable with loans made to borrowers are recognized as a reduction in interest income over the life of the loan.

Foreign Currency Translation and Transactions: Certain of our subsidiaries' functional currencies are the local currencies of their respective countries. We translate the results of operations of our foreign subsidiaries into U.S. dollars using average rates of exchange in effect during the period, and we translate balance sheet accounts using exchange rates in effect at the end of the period. We record resulting currency translation adjustments in accumulated other comprehensive income, a component of stockholders' equity on our consolidated balance sheets.

Certain of our U.S. subsidiaries will enter into short-term transactions denominated in foreign currency from time to time. Gains or losses resulting from these foreign currency transactions are translated into U.S. dollars at the rates of exchange prevailing at the dates of the transactions. The effects of transaction gains or losses are included in other income in the consolidated statements of income.

Derivative Financial Investments and Hedging Activities: During our normal course of business, we may use certain types of derivative instruments for the purpose of managing interest rate and/or foreign currency risk. We record our derivative and hedging instruments at fair value on the balance sheet. Changes in the estimated fair value of derivative instruments that are not designated as hedges or that do not meet the criteria for hedge accounting are recognized in earnings. For derivatives designated as cash flow hedges, the change in the estimated fair value of the effective portion of the derivative is recognized in accumulated other comprehensive income (loss), whereas the change in the estimated fair value of the ineffective portion is recognized in earnings. For derivatives designated as fair value hedges, the change in the estimated fair value of the effective portion of the derivatives offsets the change in the estimated fair value of the hedged item, whereas the change in the estimated fair value of the ineffective portion is recognized in earnings.

To qualify for hedge accounting, we formally document all relationships between hedging instruments and hedged items, as well as our risk management objective and strategy for undertaking the hedge prior to entering into a derivative transaction. This process includes specific identification of the hedging instrument and the hedge transaction, the nature of the risk being hedged and how the hedging instrument's effectiveness in hedging the exposure to the hedged transaction's variability in cash flows attributable to the hedged risk will be assessed. Both at the inception of the hedge and on an ongoing basis, we assess whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows or fair values of hedged items. In addition, for cash flow hedges, we assess whether the underlying forecasted transaction will occur. We discontinue hedge accounting if a derivative is not determined to be highly effective as a hedge or that it is probable that the underlying forecasted transaction will not occur.

Fair Value Measurement: We measure and disclose the estimated fair value of financial assets and liabilities utilizing a hierarchy of valuation techniques based on whether the inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. This hierarchy requires the use of observable market data when available. These inputs have created the following fair value hierarchy:

Level 1 quoted prices for *identical* instruments in active markets;

Level 2 quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and

Table of Contents**Index to Financial Statements**

Level 3 fair value measurements derived from valuation techniques in which one or more significant inputs or significant value drivers are *unobservable*.

We measure fair value using a set of standardized procedures that are outlined herein for all assets and liabilities which are required to be measured at their estimated fair value on either a recurring or non-recurring basis. When available, we utilize quoted market prices from an independent third party source to determine fair value and classify such items in Level 1. In some instances where a market price is available, but the instrument is in an inactive or over-the-counter market, we consistently apply the dealer (market maker) pricing estimate and classify the asset or liability in Level 2.

If quoted market prices or inputs are not available, fair value measurements are based upon valuation models that utilize current market or independently sourced market inputs, such as interest rates, option volatilities, credit spreads, market capitalization rates, etc. Items valued using such internally-generated valuation techniques are classified according to the lowest level input that is significant to the fair value measurement. As a result, the asset or liability could be classified in either Level 2 or 3 even though there may be some significant inputs that are readily observable. Internal fair value models and techniques used by us include discounted cash flow and Monte Carlo valuation models. We also consider our counterparty's and own credit risk on derivatives and other liabilities measured at their estimated fair value.

Fair Value Option Election: For our equity interest in Ernest and related loans (as more fully described in Note 3), we have elected to account for these investments at fair value due to the size of the investments and because we believe this method is more reflective of current values. We have not made a similar election for other equity interest or loans.

Recent Accounting Developments: In 2014, the FASB issued *Accounting Standards Update (ASU) 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity (ASU 2014-08)*, which raises the threshold for disposals to qualify as discontinued operations. A discontinued operation is defined as: (1) a component of an entity or group of components that has been disposed of or classified as held for sale and represents a strategic shift that has or will have a major effect on an entity's operations and financial results; or (2) an acquired business that is classified as held for sale on the acquisition date. ASU 2014-08 also requires additional disclosures regarding discontinued operations, as well as material disposals that do not meet the definition of discontinued operations. We adopted ASU 2014-08 for the quarter ended March 31, 2014. The application of this guidance is prospective from the date of adoption and should result in our not generally having to reflect property disposals as discontinued operations in the future—such as with the La Palma and Bucks property disposals in 2014.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606) (ASU 2014-09)*. ASU 2014-09 is a comprehensive new revenue recognition model requiring a company to recognize revenue to depict the transfer of goods or services to a customer at an amount reflecting the consideration it expects to receive in exchange for those goods or services. In adopting ASU 2014-09, companies may use either a full retrospective or a modified retrospective approach. Additionally, this guidance requires improved disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 is effective for the first interim period within annual reporting periods beginning after December 15, 2016, and early adoption is not permitted. We are currently in the process of evaluating the impact the adoption of ASU 2014-09 will have on our financial position and results of operations.

In January 2015, the FASB issued ASU No. 2015-1, *Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items (ASU 2015-01)*. ASU 2015-01 eliminates from GAAP the concept of extraordinary items. ASU 2015-01 is effective for fiscal years and interim periods beginning after December 15, 2015. We early adopted ASU 2015-01 as of December 31, 2014; the adoption of ASU 2015-01 did not have a material impact on our consolidated financial position or results of operations.

Table of Contents**Index to Financial Statements**

Reclassifications: Certain reclassifications have been made to the condensed consolidated financial statements to conform to the 2014 consolidated financial statement presentation. These reclassifications had no impact on stockholders' equity or net income.

3. Real Estate and Loans Receivable***Acquisitions***

We acquired the following assets:

	2014	2013	2012
Assets Acquired	(in thousands)		
Land	\$ 22,569	\$ 41,473	\$ 518
Building	241,242	439,030	8,942
Intangible lease assets subject to amortization (weighted average useful life of 18.2 years in 2014, 21.0 years in 2013 and 15.0 years in 2012)	22,513	38,589	1,040
Net investments in direct financing leases		110,580	310,000
Mortgage loans		20,000	200,000
Other loans	447,664	5,250	95,690
Other assets	33,708		5,300
Total assets acquired	\$ 767,696	\$ 654,922	\$ 621,490

2014 Activity***Median Transaction***

On October 15, 2014, we entered into definitive agreements pursuant to which we will acquire substantially all the real estate assets of Median Kliniken S.à r.l. (Median), a German provider of post-acute and acute rehabilitation services, for an aggregate purchase price of approximately 705 million, (or \$881 million based on exchange rates at that time). The portfolio includes 38 rehabilitation hospitals and two acute care hospitals located across 11 states in the Federal Republic of Germany.

The transaction is structured using a two step process in partnership with affiliates of Waterland Private Equity Fund V C.V. (Waterland). In the first step, which was completed on December 15, 2014, an affiliate of Waterland acquired 94.9% of the outstanding equity interest in Median pursuant to a stock purchase agreement with Median's current owners. We indirectly acquired the remaining 5.1% of the outstanding equity interest and provided or committed to provide interim acquisition loans to Waterland and Median in aggregate amounts of approximately 425 million (\$531 million), of which 349 million had been advanced at December 31, 2014. These interim loans we make will bear interest at a rate similar to the initial lease rate under the planned sale and leaseback transactions described below.

In a series of transactions we expect will be completed in early 2015, we will acquire substantially all of Median's real estate assets under a sale and leaseback transaction. We will either assume or novate any third party debt attributable to the real estate assets acquired or provide the cash required to repay the third party debt. The purchase price we are required to pay for the real estate assets will be offset, pro rata, against amounts of debt that we assume or have provided cash to repay, and/or against the amounts of loans previously made. The sale and leaseback transactions are subject to customary real estate, regulatory and other closing conditions, including waiver of any statutory pre-emption rights by local municipalities. To the extent we are unable to acquire the entire Median portfolio as contemplated, we will have a right of first refusal with regard to any new real estate properties owned or acquired by Median.

Table of Contents

Index to Financial Statements

Upon our acquisition of the real estate assets, we will lease them back to Median under a 27 year master lease, with annual escalators at the greater of one percent or 70% of the German consumer price index.

An affiliate of Waterland controls RHM Klinik-und Altenheimbetriebe GmbH & Co. KG (RHM), the operator and lessee of the other German facilities that we own.

In the fourth quarter of 2014, we acquired three RHM rehabilitation facilities in Germany for an aggregate purchase price of 63.6 million (approximately \$81 million) including approximately 3.0 million (or approximately \$3.6 million) of transfer and other taxes that have been expensed as acquisition costs. These facilities include: Bad Mergentheim (211 beds), Bad Tolz (248 beds), and Bad Liebenstein (271 beds). All three properties are included under our existing master lease agreement with RHM as described below.

On October 31, 2014, we acquired a 237-bed acute care hospital, associated medical office buildings, and a behavioral health facility in Sherman, Texas for \$32.5 million. Alecto Healthcare Services (Alecto) is the tenant and operator pursuant to a 15-year lease agreement with three five-year extension options. In addition we agreed to fund a working capital loan up to \$7.5 million, all of which was funded at December 31, 2014, and we obtained a 20% interest in the operator of the facility.

On September 19, 2014, we acquired an acute care hospital in Fairmont, West Virginia for an aggregate purchase price of \$15 million from Alecto. The facility was simultaneously leased back to the seller under a 15-year initial term with three five-year extension options. In addition, we made a \$5 million working capital loan to the tenant with a five year term and a commitment to fund up to \$5 million in capital improvements. Finally, we obtained a 20% interest in the operator of this facility.

On July 1, 2014, we acquired an acute care hospital in Peasedown St. John, United Kingdom from Circle Health Ltd., through its subsidiary Circle Hospital (Bath) Ltd. The sale/leaseback transaction, excluding any transfer taxes, is valued at approximately £28.3 million (or approximately \$48.0 million based on exchange rates at that time). The lease has an initial term of 15-years with a tenant option to extend the lease for an additional 15 years. The lease includes annual rent increases, which will equal the year-over-year change in the retail price index with a floor of 2% and a cap of 5%. With the transaction, we incurred approximately £1.1 million (approximately \$1.9 million) of transfer and other taxes that have been expensed as acquisition costs.

On March 31, 2014, we acquired a general acute care hospital and an adjacent parcel of land for an aggregate purchase price of \$115 million from a joint venture of LHP Hospital Group, Inc. and Hackensack University Medical Center Mountainside. The facility was simultaneously leased back to the seller under a lease with a 15-year initial term with a 3-year extension option, followed by a further 12-year extension option at fair market value. The lease provides for consumer price-indexed annual rent increases, subject to a specified floor and ceiling. The lease includes a customary right of first refusal with respect to a subsequent proposed sale of the facility.

From the respective acquisition dates in 2014 through that year end, the 2014 acquisitions contributed \$12.4 million and \$8.7 million of revenue and income (excluding related acquisition and financing expenses) for the period ended December 31, 2014. In addition, we incurred \$26.4 million of acquisition related expenses in 2014, of which \$25.2 million (including \$5.8 million in transfer taxes as part of our RHM, Circle, and Median transactions) related to acquisitions consummated as of December 31, 2014.

Table of Contents**Index to Financial Statements**

The purchase price allocations attributable to the 2014 acquisitions are preliminary. When all relevant information is obtained, resulting changes, if any, to our provisional purchase price allocation will be retrospectively adjusted to reflect new information obtained about the facts and circumstances that existed as of the respective acquisition dates that, if known, would have affected the measurement of the amounts recognized as of those dates.

2013 Activity*RHM Portfolio Acquisition*

On November 29, 2013, we acquired 11 rehabilitation facilities in the Federal Republic of Germany from RHM for an aggregate purchase price, excluding 9 million applicable transfer taxes, of 175 million (or \$237.8 million based on exchange rates at that time). Each of the facilities are leased to RHM under a master lease providing for a term of 27 years and for annual rent increases of 2.0% from 2015 through 2017, and of 0.5% thereafter. On December 31, 2020 and every three years thereafter, rent will be increased to reflect 70% of cumulative increases in the German consumer price index.

On December 12, 2013, we acquired the real estate of Dallas Medical Center in Dallas, Texas from affiliates of Prime for a purchase price of \$25 million and leased the facility to Prime with an initial 10-year lease term under the master lease agreement, plus two renewal options of five years each. This lease is accounted for as a direct financing lease.

On September 26, 2013, we acquired three general acute care hospitals from affiliates of IASIS for a combined purchase price of \$281.3 million. Each of the facilities were leased back to IASIS under leases with initial 15-year terms plus two renewal options of five years each, and consumer price-indexed rent increases limited to a 2.5% ceiling annually. The lessees have a right of first refusal option with respect to subsequent proposed sales of the facilities. All of our leases with affiliates of IASIS will be cross-defaulted with each other. In addition to the IASIS acquisitions transactions, we amended our lease with IASIS for the Pioneer Valley Hospital in West Valley City, Utah, which extended the lease to 2028 from 2019 and adjusted the rent.

On July 18, 2013, we acquired the real estate of Esplanade Rehab Hospital in Corpus Christi, Texas (now operating as Corpus Christi Rehabilitation Hospital). The total purchase price was \$10.5 million including \$0.5 million for adjacent land. The facility is leased to an affiliate of Ernest under the master lease agreement entered into in 2012 that initially provided for a 20-year term with three five-year extension options, plus consumer price-indexed rent increases, limited to a 2% floor and 5% ceiling annually. This lease is accounted for as a DFL. In addition, we made a \$5.3 million loan on this property with terms similar to the lease terms.

On June 11, 2013, we acquired the real estate of two acute care hospitals in Kansas from affiliates of Prime for a combined purchase price of \$75 million and leased the facilities to the operator under a master lease agreement. The master lease is for 10 years and contains two renewal options of five years each, and the rent increases annually based on the greater of the consumer price-index or 2%. This lease is accounted for as a DFL.

On December 31, 2013, we provided a \$20 million mortgage financing to Alecto for the 204-bed Olympia Medical Center.

From the respective acquisition dates, in 2013 through that year-end, the 2013 acquisitions contributed \$13.6 million and \$10.6 million of revenue and income (excluding related acquisition and financing expenses) for the period ended December 31, 2013. In addition, we incurred \$19.5 million of acquisition related expenses in 2013, of which \$18.0 million (including \$12 million in transfer taxes as a part of the RHM acquisition) related to acquisitions consummated as of December 31, 2013.

Table of Contents

Index to Financial Statements

2012 Activity

On February 29, 2012, we made loans to and acquired assets from Ernest for a combined purchase price and investment of \$396.5 million (Ernest Transaction).

Real Estate Acquisition and Mortgage Loan Financing

Pursuant to a definitive real property asset purchase agreement, we acquired from Ernest and certain of its subsidiaries (i) a portfolio of five rehabilitation facilities (including a ground lease interest relating to a community-based acute rehabilitation facility in Wyoming), (ii) seven long-term acute care facilities located in seven states and (iii) undeveloped land in Provo, Utah (collectively, the Acquired Facilities) for an aggregate purchase price of \$200 million. The Acquired Facilities are leased to subsidiaries of Ernest pursuant to a master lease agreement. The master lease agreement has a 20-year term with three five-year extension options and provided for an initial rental rate of 9%, with consumer price-indexed increases, limited to a 2% floor and 5% ceiling annually thereafter. In addition, we made Ernest a \$100 million loan secured by a first mortgage interest in four subsidiaries of Ernest, which has terms similar to the leasing terms described above.

Acquisition Loan and Equity Contribution

Through an affiliate of one of our TRSs, we made investments of approximately \$96.5 million in Ernest Health Holdings, LLC, which is the owner of Ernest. These investments are structured as a \$93.2 million acquisition loan and a \$3.3 million equity contribution.

The interest rate on the acquisition loan is 15%. Ernest is required to pay us a minimum of 6% and 7% of the loan amount in years one and two, respectively, and 10% thereafter, although there are provisions in the loan agreement that are expected to result in full payment of the 15% preference when funds are sufficient. Any of the 15% in excess of the minimum that is not paid may be accrued, interest compounded, and paid upon the occurrence of a capital or liquidity event and is payable at maturity. The loan may be prepaid without penalty at any time.

On July 3, 2012, we funded a \$100 million mortgage loan secured by the real property of Centinela Hospital Medical Center. Centinela is a 369 bed acute care facility that is operated by Prime. This mortgage loan is cross-defaulted with other mortgage loans to Prime and certain master lease agreements. The initial term of this mortgage loan runs through 2022.

On September 19, 2012, we acquired the real estate of the 380 bed St. Mary s Regional Medical Center, an acute care hospital in Reno, Nevada for \$80 million and the real estate of the 140 bed Roxborough Memorial Hospital in Pennsylvania for \$30 million. The acquired facilities are leased to Prime pursuant to a master lease agreement, which is more fully described below in the Leasing Operations section.

On December 14, 2012, we acquired the real estate of a 40 bed long-term acute care hospital in Hammond, Louisiana for \$10.5 million and leased the facility to the operator under a 15-year lease, with three five-year extension options. The rent escalates annually based on consumer price indexed increases. As part of this transaction, we made a secured working capital loan of \$2.5 million as well as a revolving loan of up to \$2.0 million. In addition, we made a \$2.0 million equity investment for a 25% equity ownership in the operator of this facility.

From the respective acquisition dates in 2012 through that year end, these 2012 acquisitions contributed \$46.3 million and \$46.1 million of revenue and income (excluding related acquisition expenses) for the period ended December 31, 2012. In addition, we incurred \$5.4 million of acquisition related expenses in 2012, of which \$5.1 million related to acquisitions consummated as of December 31, 2012.

Table of Contents**Index to Financial Statements***Pro Forma Information*

The following unaudited supplemental pro forma operating data is presented for the year ended December 31, 2014 and 2013, as if each acquisition (which excludes the Median loan advancements) was completed on January 1, 2013. The unaudited supplemental pro forma operating data is not necessarily indicative of what the actual results of operations would have been assuming the transactions had been completed as set forth above, nor do they purport to represent our results of operations for future periods (in thousands, except per share amounts).

	For the Year Ended December 31,	
	(Unaudited)	
	2014	2013
Total revenues	\$ 329,258	\$ 315,780
Net income	67,150	144,545
Net income per share/unit	\$ 0.38	\$ 0.84

Development Activities

During 2014, we completed construction and began recording rental income on the following facilities:

Northern Utah Rehabilitation Hospital This \$19 million inpatient rehabilitation facility located in South Ogden, Utah is leased to Ernest pursuant to the 2012 master lease.

Oakleaf Surgical Hospital This approximately \$30 million acute care facility located in Altoona, Wisconsin. This facility is leased to National Surgical Hospitals for 15 years and contains two renewal options of five years each plus an additional option for nearly another five years, and the rent increases annually based on changes in the consumer price-index.

First Choice ER (a subsidiary of Adeptus Health) We completed 17 acute care facilities for this tenant during 2014 totaling approximately \$83.0 million. These facilities are leased pursuant to the master lease entered into in 2013.

On August 15, 2014 we executed a binding \$8.7 million agreement with Health Care Authority for University of Alabama Birmingham (UAB) Medical West, an Affiliate of UAB Health System for the development of a freestanding emergency department and a medical office building. The facilities will be leased to Medical West under 15 year initial lease terms with four extension options of five years each.

On July 29, 2014, we executed a binding \$150 million agreement with Adeptus Health for the development of acute care hospitals and free-standing emergency departments. These facilities will be leased to Adeptus Health pursuant to a new master lease agreement that has a 15-year initial term with three extension options of five years each that provides for annual rent increases based on changes in the consumer price index with a 2% minimum. This new master lease agreement is cross-defaulted with the original master lease executed with First Choice ER in 2013. We began construction on seven of these facilities in the 2014 second half pursuant to the master funding and development agreement.

Table of Contents**Index to Financial Statements**

See table below for a status update on our current development projects (in thousands):

Property	Location	Property Type	Operator	Commitment	Costs Incurred as of 12/31/14	Estimated Completion Date
UAB Medical West	Hoover, AL	Acute Care Hospital & MOB	Medical West, an affiliate of UAB	\$ 8,653	\$ 1,973	2Q 2015
First Choice ER- Summerwood	Houston, TX	Acute Care Hospital	Adeptus Health	6,015	2,560	2Q 2015
First Choice ER- Ft. Worth Avondale Haslet	Ft. Worth, TX	Acute Care Hospital	Adeptus Health	4,780	871	2Q 2015
First Choice ER- Carrollton	Carrollton, TX	Acute Care Hospital	Adeptus Health	35,820	15,629	3Q 2015
First Choice ER- Chandler	Chandler, AZ	Acute Care Hospital	Adeptus Health	5,049	895	3Q 2015
First Choice ER- Converse	Converse, TX	Acute Care Hospital	Adeptus Health	5,754	1,141	3Q 2015
First Choice ER- Denver 48 th	Denver, CO	Acute Care Hospital	Adeptus Health	5,123	44	3Q 2015
First Choice ER- McKinney	McKinney, TX	Acute Care Hospital	Adeptus Health	4,750	50	3Q 2015
First Choice Emergency Rooms	Various	Acute Care Hospital	Adeptus Health	84,423		Various
				\$ 160,367	\$ 23,163	

Disposals**2014 Activity**

On December 31, 2014, we sold our La Palma facility for \$12.5 million, resulting in a gain of \$2.9 million. Due to this sale, we wrote-off \$1.3 million of straight-line rent receivables.

On May 20, 2014, the tenant of our Bucks facility gave notice of their intent to exercise the lease's purchase option. Pursuant to this purchase option, the tenant acquired the facility on August 6, 2014 for \$35 million. We wrote down this facility to fair market value less cost to sell, resulting in a \$3.1 million real estate impairment charge in the 2014 second quarter.

The sale of the Bucks and La Palma facilities was not a strategic shift in our operations, and therefore the results of the Bucks and La Palma operations have not been reclassified as discontinued operations.

2013 Activity

On November 27, 2013, we sold the real estate of an inpatient rehabilitation facility, Warm Springs Rehabilitation Hospital of San Antonio, for \$14 million, resulting in a gain on sale of \$5.6 million.

On April 17, 2013, we sold two long-term acute care hospitals, Summit Hospital of Southeast Arizona and Summit Hospital of Southeast Texas, for total proceeds of \$18.5 million, resulting in a gain of \$2.1 million.

2012 Activity

On December 27, 2012, we sold our Huntington Beach facility for \$12.5 million, resulting in a gain of \$1.9 million. Due to this sale, we wrote-off \$0.7 million of straight-line rent receivable. Due to this sale, we wrote-off \$1.3 million of straight line rent receivables.

During the third quarter of 2012, we entered into a definitive agreement to sell the real estate of two LTACH facilities, Thornton and New Bedford, to Vibra for total cash proceeds of \$42 million. The sale of Thornton was completed on September 28, 2012, resulting in a gain of \$8.4 million. Due to this sale, we wrote-off \$1.6 million in straight-line rent receivables. The sale of New Bedford was completed on October 22, 2012, resulting in a gain of \$7.2 million. Associated with this sale, we wrote-off \$4.1 million in straight-line rent receivables in the fourth quarter 2012.

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On August 21, 2012, we sold our Denham Springs facility for \$5.2 million, resulting in a gain of \$0.3 million.

Table of Contents**Index to Financial Statements**

On June 15, 2012, we sold the HealthSouth Rehabilitation Hospital of Fayetteville in Fayetteville, Arkansas for \$16 million, resulting in a loss of \$1.4 million. In connection with this sale, HealthSouth Corporation agreed to extend the lease on our Wichita, Kansas property, which is now set to end in March 2022.

For each of the disposals in 2013 and 2012 (which occurred prior to the accounting change discussed in Note 1 under the heading *Recent Accounting Developments*), the operating results of these facilities for the current and all prior periods have been included in discontinued operations.

Intangible Assets

At December 31, 2014 and 2013, our intangible lease assets were \$108.9 million (\$87.7 million, net of accumulated amortization) and \$90.5 million (\$74.9 million, net of accumulated amortization), respectively.

We recorded amortization expense related to intangible lease assets of \$7.0 million, \$4.0 million, and \$3.9 million in 2014, 2013, and 2012, respectively, and expect to recognize amortization expense from existing lease intangible assets as follows: (amounts in thousands)

For the Year Ended December 31:	
2015	\$ 6,438
2016	6,397
2017	6,387
2018	6,326
2019	6,271

As of December 31, 2014, capitalized lease intangibles have a weighted average remaining life of 17.9 years.

Leasing Operations

All of our leases are accounted for as operating leases except we are accounting for 14 Ernest facilities and five Prime facilities as DFLs. The components of our net investment in DFLs consisted of the following (dollars in thousands):

	As of December 31, 2014
Minimum lease payments receivable	\$ 1,607,024
Estimated residual values	211,888
Less unearned income	(1,379,396)
 Net investment in direct financing leases	 \$ 439,516

Minimum rental payments due to us in future periods under operating leases and DFLs, which have non-cancelable terms extending beyond one year at December 31, 2014, are as follows: (amounts in thousands)

	Total Under Operating Leases	Total Under DFLs	Total
2015	\$ 196,864	\$ 43,386	\$ 240,250
2016	198,265	44,254	242,519
2017	198,807	45,139	243,946
2018	199,728	46,041	245,769
2019	199,857	46,962	246,819

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Thereafter	1,838,346	380,743	2,219,089
	\$ 2,831,867	\$ 606,525	\$ 3,438,392

Table of Contents**Index to Financial Statements**

On July 3, 2012, we entered into master lease agreements with certain subsidiaries of Prime, which replaced the then current leases with the same tenants covering the same properties. The master leases are for 10 years and contain two renewal options of five years each. The initial lease rate is generally consistent with the blended average rate of the prior lease agreements. However, the annual escalators, which in the prior leases were limited, have been increased to 100% of consumer price index increases, along with a minimum floor. The master leases include repurchase options substantially similar to those in the prior leases, including provisions establishing minimum repurchase prices equal to our total investment.

Monroe Facility

As of December 31, 2014 and 2013, our net investment (exclusive of the related real estate) in Monroe was as follows:

	As of December 31, 2014	As of December 31, 2013
Loans	\$	\$ 31,341
Less: Loan impairment reserve		(12,000)
Loans, net		19,341
Interest, rent and other receivables		20,972
Net investment	\$	\$ 40,313

Due to the performance and cash flow shortages of the previous tenant, we stopped recording interest income on the Monroe loan and unbilled rent revenue in 2010. In addition, we stopped recording billed rental revenue on this property in April 1, 2013. During 2014, the previous operator of our Monroe facility continued to underperform and became further behind on payments to us as required by the real estate lease agreement and working capital loan agreement. In August 2014, this operator filed for bankruptcy. As part of the bankruptcy process and to help with a smoother transition of the property to a new operator, we agreed to provide up to \$5 million in debtor-in-possession financing of which all was funded by December 31, 2014. Based on these new developments and the fair value of our real estate and the underlying collateral of our loan (using Level 2 inputs), we recorded a \$47.0 million impairment charge in 2014.

Effective December 31, 2014, the bankruptcy court approved the purchase by Prime of the assets of the prior operator. Prime will lease the facility from us pursuant to terms under an existing master lease. The initial annual lease payment is approximately \$2.5 million, and Prime is current on its rent through February 2015. At December 31, 2014, our investment in Monroe is approximately \$36 million, which we believe is fully recoverable.

Florence facility

On March 6, 2013, the tenant of our \$27.4 million facility in Phoenix, Arizona filed for Chapter 11 bankruptcy. At December 31, 2014, we have approximately \$1 million of receivables outstanding but the tenant continues to pay us in accordance with bankruptcy orders. In addition, we have a letter of credit for approximately \$1.2 million to cover any rent and other monetary payments not paid. We have entered into a non-binding letter of intent with the stalking horse bidder for the assumption of the existing lease, with certain non-monetary amendments. Although no assurances can be made that we will not have any impairment charges in the future, we believe our investment in Florence at December 31, 2014, is fully recoverable.

Gilbert facility

In the first quarter of 2014, the tenant of our facility in Gilbert, Arizona filed for Chapter 11 bankruptcy; however, we sent notice of termination of the lease prior to the bankruptcy filing. As a result of the lease terminating, we recorded a charge of approximately \$1 million to reserve against the straight-line rent receivables. In addition, we accelerated the amortization of the related lease intangible asset resulting in \$1.1 million of additional expense in the 2014 first quarter. The tenant has continued to perform its monetary

Table of Contents**Index to Financial Statements**

obligations and we have agreed to the terms of an amended lease upon the tenant's bankruptcy exit. At December 31, 2014, we have no outstanding receivables. Although no assurances can be made that we will not have any impairment charges or write-offs of receivables in the future, we believe our real estate investment in Gilbert of \$14.1 million at December 31, 2014, is fully recoverable.

Loans

The following is a summary of our loans (\$ amounts in thousands):

	As of December 31, 2014		As of December 31, 2013	
	Balance	Weighted Average Interest Rate	Balance	Weighted Average Interest Rate
Mortgage loans	\$ 397,594	10.5%	\$ 388,756	10.0%
Acquisition loans	525,136	9.3%	109,655	14.7%
Working capital and other loans	48,031	10.4%	51,335	10.8%
	\$ 970,761		\$ 549,746	

Our mortgage loans cover eight of our properties with three operators.

Other loans typically consist of loans to our tenants for acquisitions and working capital purposes. At December 31, 2014, acquisition loans includes our \$97.5 million loan to Ernest plus \$422.5 million related to the Median transaction in 2014.

On March 1, 2012, pursuant to our convertible note agreement, we converted \$1.6 million of our \$5.0 million convertible note into a 9.9% equity interest in the operator of our Hoboken University Medical Center facility. At December 31, 2014, \$3.4 million remains outstanding on the convertible note, and we retain the option, to convert this remainder into an additional 15.1% equity interest in the operator.

Concentration of Credit Risks

For the years ended December 31, 2014 and 2013, revenue from affiliates of Prime (including rent and interest from mortgage loans) accounted for 26.9% and 32.0%, respectively, of total revenue. From an investment concentration perspective, Prime represented 20.0% and 24.5% of our total assets at December 31, 2014 and December 31, 2013, respectively.

For the year ended December 31, 2014 and 2013, revenue from affiliates of Ernest (including rent and interest from mortgage and acquisition loans) accounted for 18.3% and 20.2% of total revenue, respectively. From an investment concentration perspective, Ernest represented 13.0% and 15.9% of our total assets at December 31, 2014 and December 31, 2013, respectively.

For the year ended December 31, 2014, Median represented 11.3% of our total assets at December 31, 2014.

On an individual property basis, we had no investment of any single property greater than 4% of our total assets as of December 31, 2014.

From a global geographic perspective, approximately 80% of our total assets are in the United States while 20% reside in Europe as of December 31, 2014, up from 9% in 2013. Revenue from our European investments was \$26.0 million and \$1.8 million in 2014 and 2013, respectively.

From a United States geographic perspective, investments located in California represented 14.6% of our total assets at December 31, 2014, down from 18.7% in the prior year. Investments located in Texas represented 20.2% of our total assets at December 31, 2014, down from 22.7% in the prior year.

Table of Contents**Index to Financial Statements*****Related Party Transactions***

Lease and interest revenue earned from tenants in which we have an equity interest in were \$101.8 million, \$70.0 million and \$54.3 million in 2014, 2013 and 2012, respectively.

4. Debt

The following is a summary of debt (\$ amounts in thousands):

	As of December 31, 2014		As of December 31, 2013	
	Balance	Interest Rate	Balance	Interest Rate
Revolving credit facility	\$ 593,490	Variable	\$ 105,000	Variable
2006 Senior Unsecured Notes	125,000	Various	125,000	Various
2011 Senior Unsecured Notes	450,000	6.875%	450,000	6.875%
2012 Senior Unsecured Notes:				
Principal amount	350,000	6.375%	350,000	6.375%
Unamortized premium	2,522		2,873	
	352,522		352,873	
2013 Senior Unsecured Notes(A)	241,960	5.75%	274,860	5.75%
2014 Senior Unsecured Notes	300,000	5.50%		
Term loans	138,682	Various	113,948	Various
	\$ 2,201,654		\$ 1,421,681	

As of December 31, 2014, principal payments due on our debt (which exclude the effects of any discounts or premiums recorded) are as follows:

2015	\$ 283
2016	125,298
2017	320
2018	606,271
2019	125,000
Thereafter	1,341,960
Total	\$ 2,199,132

(A) These notes are Euro-denominated and reflect the exchange rates at December 31, 2014 and 2013, respectively.

Revolving Credit Facility

On June 19, 2014, we closed on a \$900 million senior unsecured credit facility (the *Credit Facility*). The *Credit Facility* was comprised of a \$775 million senior unsecured revolving credit facility (the *Revolving credit facility*) and a \$125 million senior unsecured term loan facility (the *Term Loan*). The *Credit Facility* had an accordion feature that allowed us to expand the size of the facility by up to \$250 million through increases to the *Revolving credit facility*, *Term Loan*, both or as a separate term loan tranche. The *Credit Facility* replaced our previous \$400 million unsecured revolving credit facility and \$100 million unsecured term loan. This transaction resulted in a refinancing charge of approximately \$0.3 million in the 2014 second quarter.

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On October 17, 2014, we entered into an amendment to our Credit Facility to exercise the \$250 million accordion on the Revolving credit facility. This amendment increased the Credit Facility to \$1.15 billion and added a new accordion feature that allows us to expand our credit facility by another \$400 million.

The Revolving credit facility matures in June 2018 and can be extended for an additional 12 months at our option. The Revolving credit facility's interest rate was (1) the higher of the prime rate, federal funds rate plus

Table of Contents**Index to Financial Statements**

0.50%, or Eurodollar rate plus 1.00%, plus a spread that was adjustable from 0.70% to 1.25% based on current total leverage, or (2) LIBOR plus a spread that was adjustable from 1.70% to 2.25% based on current total leverage. In addition to interest expense, we were required to pay a quarterly commitment fee on the undrawn portion of the revolving credit facility, ranging from 0.25% to 0.35% per year.

In November 2014, we received an upgrade to our credit rating resulting in an improvement in our interest rate spreads and commitment fee rates. Effective December 10, 2014, the Revolving credit facility's interest rate is (1) the higher of the prime rate, federal funds rate plus 0.50%, or Eurodollar rate plus 1.00% plus a fixed spread of 0.40% or (2) LIBOR plus a fixed spread of 1.40%. In regards to commitment fees, we now pay based on the total facility at a rate of 0.30% per year.

At December 31, 2014 and 2013, we had \$593.5 million and \$105.0 million, respectively, outstanding on the Revolving credit facility.

At December 31, 2014, our availability under our Revolving credit facility was approximately \$432 million. The weighted average interest rate on this facility was 2.2% and 3.2% for 2014 and 2013, respectively.

2014 Senior Unsecured Notes

On April 17, 2014, we completed a \$300 million senior unsecured notes offering (2014 Senior Unsecured Notes). Interest on the notes is payable semi-annually on May 1 and November 1 of each year. The 2014 Senior Unsecured Notes pay interest in cash at a rate of 5.50% per year. The notes mature on May 1, 2024. We may redeem some or all of the 2014 Senior Unsecured Notes at any time prior to May 1, 2019 at a make-whole redemption price. On or after May 1, 2019, we may redeem some or all of the notes at a premium that will decrease over time. In addition, at any time prior to May 1, 2017, we may redeem up to 35% of the aggregate principal amount of the 2014 Senior Unsecured Notes using the proceeds of one or more equity offerings. In the event of a change of control, each holder of the 2014 Senior Unsecured Notes may require us to repurchase some or all of our 2014 Senior Unsecured Notes at a repurchase price equal to 101% of the aggregate principal amount of the 2014 Senior Unsecured Notes plus accrued and unpaid interest to the date of purchase.

2013 Senior Unsecured Notes

On October 10, 2013, we completed the 2013 Senior Unsecured Notes offering for 200 million. Interest on the Notes is payable semi-annually on April 1 and October 1 of each year. The 2013 Senior Unsecured Notes pay interest in cash at a rate of 5.750% per year. The notes mature on October 1, 2020. We may redeem some or all of the 2013 Senior Unsecured Notes at any time prior to October 1, 2016 at a make-whole redemption price. On or after October 1, 2016, we may redeem some or all of the Notes at a premium that will decrease over time. In addition, at any time prior to October 1, 2016, we may redeem up to 35% of the aggregate principal amount of the 2013 Senior Unsecured Notes using the proceeds of one or more equity offerings. In the event of a change of control, each holder of the 2013 Senior Unsecured Notes may require us to repurchase some or all of our 2013 Senior Unsecured Notes at a repurchase price equal to 101% of the aggregate principal amount of the 2013 Senior Unsecured Notes plus accrued and unpaid interest to the date of purchase.

2012 Senior Unsecured Notes

On February 17, 2012, we completed a \$200 million offering of senior unsecured notes (2012 Senior Unsecured Notes) (resulting in net proceeds of \$196.5 million, after underwriting discount). On August 20, 2013, we completed a \$150 million tack on to the notes (resulting in net proceeds of \$150.4 million, after underwriting discount). These 2012 Senior Unsecured Notes accrue interest at a fixed rate of 6.375% per year and mature on February 15, 2022. The 2013 tack on offering, was issued at a premium (price of 102%), resulting in an effective rate of 5.998%. Interest on these notes is payable semi-annually on February 15 and August 15 of each year. We may redeem some or all of the 2012 Senior Unsecured Notes at any time prior to February 15, 2017 at a make-whole redemption price. On or after February 15, 2017, we may redeem some or all of the 2012 Senior Unsecured Notes at a premium that will decrease over time, plus accrued and unpaid interest to, but

Table of Contents**Index to Financial Statements**

not including, the redemption date. In the event of a change of control, each holder of the 2012 Senior Unsecured Notes may require us to repurchase some or all of its 2012 Senior Unsecured Notes at a repurchase price equal to 101% of the aggregate principal amount plus accrued and unpaid interest to the date of purchase.

2011 Senior Unsecured Notes

On April 26, 2011, we closed on a private placement of \$450 million aggregate principal amount of 6.875% Senior Notes due 2021 (the 2011 Senior Unsecured Notes) to qualified institutional buyers in reliance on Rule 144A under the Securities Act. The 2011 Senior Unsecured Notes were subsequently registered under the Securities Act pursuant to an exchange offer. Interest on the 2011 Senior Unsecured Notes is payable semi-annually on May 1 and November 1 of each year. The 2011 Senior Unsecured Notes pay interest in cash at a rate of 6.875% per year and mature on May 1, 2021. We may redeem some or all of the 2011 Senior Unsecured Notes at any time prior to May 1, 2016 at a make-whole redemption price. On or after May 1, 2016, we may redeem some or all of the 2011 Senior Unsecured Notes at a premium that will decrease over time, plus accrued and unpaid interest to, but not including, the redemption date. In the event of a change of control, each holder of the 2011 Senior Unsecured Notes may require us to repurchase some or all of its 2011 Senior Unsecured Notes at a repurchase price equal to 101% of the aggregate principal amount plus accrued and unpaid interest to the date of purchase.

2006 Senior Unsecured Notes

During 2006, we issued \$125.0 million of Senior Unsecured Notes (the 2006 Senior Unsecured Notes). The 2006 Senior Unsecured Notes were placed in private transactions exempt from registration under the Securities Act. One of the issuances of the 2006 Senior Unsecured Notes totaling \$65.0 million pays interest quarterly at a floating annual rate of three-month LIBOR plus 2.30% and can be called at par value by us at any time. This portion of the 2006 Senior Unsecured Notes matures in July 2016. The remaining issuances of 2006 Senior Unsecured Notes pays interest quarterly at a floating annual rate of three-month LIBOR plus 2.30% and can also be called at par value by us at any time. These remaining notes mature in October 2016.

During the second quarter 2010, we entered into an interest rate swap to manage our exposure to variable interest rates by fixing \$65 million of our \$125 million 2006 Senior Unsecured Notes, which started July 31, 2011 (date on which the interest rate turned variable) through maturity date (or July 2016), at a rate of 5.507%. We also entered into an interest rate swap to fix \$60 million of 2006 Senior Unsecured Notes which started October 31, 2011 (date on which the related interest rate turned variable) through the maturity date (or October 2016) at a rate of 5.675%. At December 31, 2014 and 2013, the fair value of the interest rate swaps was \$6.0 million and \$9.0 million, respectively, which is reflected in accounts payable and accrued expenses on the consolidated balance sheets.

We account for our interest rate swaps as cash flow hedges. Accordingly, the effective portion of changes in the fair value of our swaps is recorded as a component of accumulated other comprehensive income/loss on the balance sheet and reclassified into earnings in the same period, or periods, during which the hedged transactions effects earnings, while any ineffective portion is recorded through earnings immediately. We did not have any hedge ineffectiveness from inception of our interest rate swaps through December 31, 2014 and therefore, there was no income statement effect recorded during the years ended December 31, 2014, 2013, and 2012. We do not expect any of the current losses included in accumulated other comprehensive loss to be reclassified into earnings in the next 12 months. At December 31, 2014 and 2013, we have posted \$3.3 million and \$5.0 million of collateral related to our interest rate swaps, respectively, which is reflected in other assets on our consolidated balance sheets.

Term Loans

As noted previously, we closed on the 2014 Term Loan for \$125 million in the second quarter of 2014. The Term Loan matures in June 2019. The Term Loan's initial interest rate was (1) the higher of the prime rate,

Table of Contents**Index to Financial Statements**

federal funds rate plus 0.50%, or Eurodollar rate plus 1.00%, plus a spread that was adjustable from 0.60% to 1.20% based on current total leverage, or (2) LIBOR plus a spread that was adjustable from 1.60% to 2.20% based on current total leverage. With the upgrade to our credit rating as discussed above, the Term Loan's interest rate, effective December 10, 2014, improved to (1) the higher of the prime rate, federal funds rate plus 0.50%, or Euro dollar rate plus 1.00% plus a fixed spread of 0.65%, or (2) LIBOR plus a fixed spread of 1.65%. At December 31, 2014 and 2013, the interest rate in effect was 1.82% and 2.43%, respectively.

In connection with our acquisition of the Northland LTACH Hospital on February 14, 2011, we assumed a \$14.6 million mortgage. The Northland mortgage loan requires monthly principal and interest payments based on a 30-year amortization period. The Northland mortgage loan has a fixed interest rate of 6.2%, matures on January 1, 2018 and can be prepaid after January 1, 2013, subject to a certain prepayment premium. At December 31, 2014, the remaining balance on this term loan was \$13.7 million. The loan was collateralized by the real estate of the Northland LTACH Hospital, which had a net book value of \$17.5 million and \$18.0 million at December 31, 2014 and 2013, respectively.

Other Commitments

At December 31, 2014, we had commitments from a syndicate of lenders for a senior unsecured interim bridge loan facility with availability of up to \$215 million. This facility served as a back stop for the partial financing of step 1 of the Median transaction. We recorded \$1.4 million of expense in 2014 related to the fees incurred on this facility that was never utilized and expired in January 2015.

Covenants

Our debt facilities impose certain restrictions on us, including restrictions on our ability to: incur debts; create or incur liens; provide guarantees in respect of obligations of any other entity; make redemptions and repurchases of our capital stock; prepay, redeem or repurchase debt; engage in mergers or consolidations; enter into affiliated transactions; dispose of real estate or other assets; and change our business. In addition, the credit agreements governing our revolving credit facility and Term Loan limit the amount of dividends we can pay as a percentage of normalized adjusted funds from operations, as defined in the agreements, on a rolling four quarter basis. At December 31, 2014, the dividend restriction was 95% of normalized adjusted FFO. The indentures governing our senior unsecured notes also limit the amount of dividends we can pay based on the sum of 95% of funds from operations, proceeds of equity issuances and certain other net cash proceeds. Finally, our senior unsecured notes require us to maintain total unencumbered assets (as defined in the related indenture) of not less than 150% of our unsecured indebtedness.

In addition to these restrictions, the revolving credit facility and Term Loan contain customary financial and operating covenants, including covenants relating to our total leverage ratio, fixed charge coverage ratio, mortgage secured leverage ratio, recourse mortgage secured leverage ratio, consolidated adjusted net worth, facility leverage ratio, and unsecured interest coverage ratio. This facility also contains customary events of default, including among others, nonpayment of principal or interest, material inaccuracy of representations and failure to comply with our covenants. If an event of default occurs and is continuing under the facility, the entire outstanding balance may become immediately due and payable. At December 31, 2014, we were in compliance with all such financial and operating covenants.

5. Income Taxes***Medical Properties Trust, Inc.***

We have maintained and intend to maintain our election as a REIT under the Internal Revenue Code of 1986, as amended. To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement to distribute at least 90% of our taxable income to our stockholders. As a REIT, we generally will not be subject to federal income tax if we distribute 100% of our taxable income to our stockholders and satisfy certain other requirements. Income tax is paid directly by our stockholders on the

Table of Contents**Index to Financial Statements**

dividends distributed to them. If our taxable income exceeds our dividends in a tax year, REIT tax rules allow us to designate dividends from the subsequent tax year in order to avoid current taxation on undistributed income. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income taxes at regular corporate rates, including any applicable alternative minimum tax. Taxable income from non-REIT activities managed through our taxable REIT subsidiaries is subject to applicable United States federal, state and local income taxes. Our international subsidiaries are also subject to income taxes in the jurisdictions in which they operate.

From our taxable REIT subsidiaries and our foreign operations, we incurred income tax expenses as follows (in thousands):

	For the years ended December 31,		
	2014	2013	2012
Current income tax (benefit) expense:			
Domestic	\$ 114	\$ 358	\$ (44)
Foreign	225	158	
	339	516	(44)
Deferred income tax (benefit) expense			
Domestic	(23)	210	63
Foreign	24		
	1	210	63
Income tax (benefit) expense	\$ 340	\$ 726	\$ 19

The foreign provision (benefit) for income taxes is based on foreign loss before income taxes of \$7.5 million in 2014 as compared with foreign loss before income taxes of \$12.9 million in 2013 (primarily due to the real estate transfer taxes expensed in these periods).

The domestic provision (benefit) for income taxes is based on loss before income taxes of \$20.9 million in 2014 from our taxable REIT subsidiaries (primarily due to impairment charges related to Monroe working capital loan) as compared with income before income taxes of \$7.6 million in 2013 from our taxable REIT subsidiaries, and income before income taxes of \$0.1 million in 2012 from our taxable REIT subsidiaries.

At December 31, 2014 and 2013, components of our deferred tax assets and liabilities were as follows (in thousands):

	2014	2013
Deferred tax liabilities:		
Property and equipment	\$	\$ (2,560)
Unbilled rent	(2,070)	(610)
Partnership investments	(3,468)	
Other	(3,759)	(2,313)
Total deferred tax liabilities	\$ (9,297)	\$ (5,483)
Deferred tax assets:		
Loan loss and other reserves	\$	\$ 7,751
Operating loss and interest deduction carry forwards	19,546	2,283
Property and equipment	2,373	
Partnership investments		805
Other	3,971	2,256
Total deferred tax assets	25,890	13,095

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Valuation allowance	(16,831)	(7,843)
Total net deferred tax assets	\$ 9,059	\$ 5,252
Net deferred tax (liability)	\$ (238)	\$ (231)

Table of Contents**Index to Financial Statements**

At December 31, 2014, we had U.S. federal and state NOLs of \$50.7 million and \$121.8 million, respectively, that expire in 2021 through 2034. At December 31, 2014, we had foreign NOLs of \$6.7 million that may be carried forward indefinitely.

At December 31, 2014, we had U.S. federal alternative minimum tax credits of \$0.1 million that may be carried forward indefinitely.

In 2014, our valuation allowance increased by \$8.9 million as a result of book losses sustained by both our foreign subsidiaries as the result of significant acquisition expenses incurred and certain of our domestic taxable REIT subsidiaries. We believe (based on cumulative losses and potential of future taxable income) that we should reserve for our net deferred tax assets. We will continue to monitor this valuation allowance and, if circumstances change (such as entering into new transactions including working capital loans, equity investments, etc), we will adjust this valuation allowance accordingly.

A reconciliation of the income tax expense at the statutory income tax rate and the effective tax rate for income from continuing operations before income taxes for the years ended December 31, 2014, 2013, and 2012 is as follows (in thousands):

	2014	2013	2012
Income from continuing operations (before-tax)	\$ 51,138	\$ 90,027	\$ 72,889
Income tax at the US statutory federal rate (35%)	17,898	31,509	25,511
Rate differential	1,145	2,380	
State income taxes, net of federal benefit	(337)	271	(8)
Dividends paid deduction	(27,873)	(33,345)	(25,454)
Change in valuation allowance	8,988	(697)	
Other items, net	519	608	(30)
Total income tax expense	\$ 340	\$ 726	\$ 19

We have no liabilities for uncertain tax positions as of December 31, 2014 and 2013. We recognize interest and penalties related to unrecognized tax positions in income tax expense. We do not currently anticipate that the total amount of unrecognized tax positions will significantly increase or decrease in the next twelve months.

We have met the annual REIT distribution requirements by payment of at least 90% of our estimated taxable income in 2014, 2013, and 2012. Earnings and profits, which determine the taxability of such distributions, will differ from net income reported for financial reporting purposes due primarily to differences in cost basis, differences in the estimated useful lives used to compute depreciation, and differences between the allocation of our net income and loss for financial reporting purposes and for tax reporting purposes.

A schedule of per share distributions we paid and reported to our stockholders is set forth in the following:

	For the Years Ended December 31,		
	2014	2013	2012
Common share distribution	\$ 0.840000	\$ 0.800000	\$ 0.800000
Ordinary income	0.520692	0.599384	0.601216
Capital gains(1)	0.000276	0.046380	0.117584
Unrecaptured Sec. 1250 gain	0.000276	0.026512	0.086976
Return of capital	0.319032	0.154236	0.081200
Allocable to next year			

(1) Capital gains include unrecaptured Sec. 1250 gains.
MPT Operating Partnership, L.P.

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As a partnership, the allocated share of income of the Operating Partnership is included in the income tax returns of the general and limited partners. Accordingly, no accounting for income taxes is generally required for

Table of Contents**Index to Financial Statements**

such income of the Operating Partnership. However, the Operating Partnership has formed taxable REIT subsidiaries on behalf of Medical Properties Trust, Inc., which are subject to federal, state and local income taxes at regular corporate rates, and its international subsidiaries are subject to income taxes in the jurisdictions in which they operate. See discussion above under Medical Properties Trust, Inc. for more details of income taxes associated with our taxable REIT subsidiaries and international operations.

6. Earnings Per Share/Unit

Medical Properties Trust, Inc.

Our earnings per share were calculated based on the following (amounts in thousands):

	For the Years Ended December 31,		
	2014	2013	2012
Numerator:			
Income from continuing operations	\$ 50,798	\$ 89,301	\$ 72,870
Non-controlling interests share in continuing operations	(274)	(224)	(177)
Participating securities share in earnings	(894)	(729)	(887)
Income from continuing operations, less participating securities share in earnings	49,630	88,348	71,806
Income (loss) from discontinued operations attributable to MPT common stockholders	(2)	7,914	17,207
Net income, less participating securities share in earnings	\$ 49,628	\$ 96,262	\$ 89,013
Denominator:			
Basic weighted-average common shares	169,999	151,439	132,331
Dilutive potential common shares	541	1,159	2
Diluted weighted-average common shares	170,540	152,598	132,333

MPT Operating Partnership, L.P.

Our earnings per unit were calculated based on the following (amounts in thousands):

	For the Years Ended December 31,		
	2014	2013	2012
Numerator:			
Income from continuing operations	\$ 50,798	\$ 89,301	\$ 72,870
Non-controlling interests share in continuing operations	(274)	(224)	(177)
Participating securities share in earnings	(894)	(729)	(887)
Income from continuing operations, less participating securities share in earnings	49,630	88,348	71,806
Income (loss) from discontinued operations attributable to MPT Operating Partnership partners	(2)	7,914	17,207
Net income, less participating securities share in earnings	\$ 49,628	\$ 96,262	\$ 89,013
Denominator:			
Basic weighted-average units	169,999	151,439	132,331

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Dilutive potential units	541	1,159	2
Diluted weighted-average units	170,540	152,598	132,333

Table of Contents**Index to Financial Statements**

For the year ended December 31, 2012, approximately 0.1 million of options were excluded from the diluted earnings per share/unit calculation as they were not determined to be dilutive.

7. Stock Awards*Stock Awards*

Our Equity Incentive Plan authorizes the issuance of common stock options, restricted stock, restricted stock units, deferred stock units, stock appreciation rights, performance units and awards of interests in our Operating Partnership. Our Equity Incentive Plan is administered by the Compensation Committee of the Board of Directors. We have reserved 7,643,651 shares of common stock for awards under the Equity Incentive Plan and 6,316,151 shares remain available for future stock awards as of December 31, 2014. The Equity Incentive Plan contains a limit of 5,000,000 shares as the maximum number of shares of common stock that may be awarded to an individual in any fiscal year. Awards under the Equity Incentive Plan are subject to forfeiture due to termination of employment prior to vesting. In the event of a change in control, outstanding and unvested options will immediately vest, unless otherwise provided in the participant's award or employment agreement, and restricted stock, restricted stock units, deferred stock units and other stock-based awards will vest if so provided in the participant's award agreement. The term of the awards is set by the Compensation Committee, though Incentive Stock Options may not have terms of more than ten years. Forfeited awards are returned to the Equity Incentive Plan and are then available to be re-issued as future awards. For each share of common stock issued by Medical Properties Trust, Inc. pursuant to its Equity Incentive Plan, the Operating Partnership issues a corresponding number of operating partnership units.

The following awards have been granted pursuant to our Equity Incentive Plan (and its predecessor plan):

Stock Options

At December 31, 2014, we had no options outstanding and exercisable. In 2014, 20,000 options were exercised. No options were granted in 2014, 2013, or 2012.

Restricted Equity Awards

These stock-based awards are in the form of service-based awards and performance-based awards. The service-based awards vest as the employee provides the required service (typically three to five years). Service based awards are valued at the average price per share of common stock on the date of grant. In 2014, 2013, and 2012, the Compensation Committee granted awards to employees which vest based on us achieving certain total shareholder returns or comparisons of our total shareholder returns to peer total return indices. Generally, dividends are not paid on these performance awards until the award is earned. See below for details of such grants:

- 2014 performance awards - The 2014 performance awards were granted in three parts:
 - 1) Approximately 40% of the 2014 performance awards were based on us achieving a simple 9.0% annual total shareholder return over a three year period; however, the award contained both carry forward and carry back provisions through December 31, 2018. The fair value of this award was estimated on the date of grant using a Monte Carlo valuation model that assumed the following: risk free interest rate of 1.7%; expected volatility of 27%; expected dividend yield of 8.0%; and expected service period of 3 years.
 - 2) Approximately 30% of the 2014 performance awards were based on us achieving a cumulative total shareholder return from January 1, 2014 to December 31, 2016. The minimum total shareholder return needed to earn a portion of this award is 27.0% with 100% of the award earned if our total shareholder return reaches 35.0%. If any shares are earned from this award, the shares will vest in equal annual amounts on December 31, 2016, 2017 and 2018. The fair value of this award was estimated on the date of grant using a Monte Carlo valuation model that assumed the following: risk free interest rate of 0.8%; expected volatility of 27%; expected dividend yield of 8.0%; and expected service period of 5 years.

Table of Contents

Index to Financial Statements

- 3) The remainder of the 2014 performance awards will be earned if our total shareholder return outpaces that of the MSCI U.S. REIT Index (Index) over the cumulative period from January 1, 2014 to December 31, 2016. Our total shareholder return must exceed that of the Index to earn the minimum number of shares under this award, while it must exceed the Index by 6% to earn 100% of the award. If any shares are earned from this award, the shares will vest in equal annual amounts on December 31, 2016, 2017 and 2018. The fair value of this award was estimated on the date of grant using a Monte Carlo valuation model that assumed the following: risk free interest rate of 0.8%; expected volatility of 27%; expected dividend yield of 8.0%; and expected service period of 5 years.

There were 108,261 of the 2014 performance awards earned and vested in 2014. At December 31, 2014, we have 776,562 of 2014 performance awards remaining to be earned.

- 2013 performance awards - The 2013 performance awards were granted in three parts:
 - 1) Approximately 27% of the 2013 performance awards were based on us achieving a simple 8.5% annual total shareholder return over a three year period; however, the award contained both carry forward and carry back provisions through December 31, 2017. None of these shares may be sold for two years after they have vested. The fair value of this award was estimated on the date of grant using a Monte Carlo valuation model that assumed the following: risk free interest rate of 0.72%; expected volatility of 27%; expected dividend yield of 8.0%; and expected service period of 3 years.
 - 2) Approximately 36% of the 2013 performance awards were based on us achieving a cumulative total shareholder return from January 1, 2013 to December 31, 2015. The minimum total shareholder return needed to earn a portion of this award is 25.5% with 100% of the award earned if our total shareholder return reaches 33.5%. If any shares are earned from this award, the shares will vest in equal annual amounts on December 31, 2015, 2016 and 2017. The fair value of this award was estimated on the date of grant using a Monte Carlo valuation model that assumed the following: risk free interest rate of 0.38%; expected volatility of 28%; expected dividend yield of 8.0%; and expected service period of 5 years.
 - 3) The remainder of the 2013 performance awards will be earned if our total shareholder return outpaces that of the Index over the cumulative period from January 1, 2013 to December 31, 2015. Our total shareholder return must exceed that of the Index to earn the minimum number of shares under this award, while it must exceed the Index by 6% to earn 100% of the award. If any shares are earned from this award, the shares will vest in equal annual amounts on December 31, 2015, 2016 and 2017. The fair value of this award was estimated on the date of grant using a Monte Carlo valuation model that assumed the following: risk free interest rate of 0.38%; expected volatility of 28%; expected dividend yield of 8.0%; and expected service period of 5 years.

There were 80,293 of the 2013 performance awards earned and vested in 2014. There were 68,086 of the 2013 performance awards earned and vested in 2013. At December 31, 2014, we have 624,187 of 2013 performance awards remaining to be earned.

- 2012 performance awards - The 2012 performance awards were granted in three parts:
 - 1) Approximately 30% of the 2012 performance awards were based on us achieving a simple 9.0% annual total shareholder return over a three year period; however, the award contains both carry forward and carry back provisions through December 31, 2016. The fair value of this award was estimated on the date of grant using a Monte Carlo valuation model that assumed the following: risk free interest rate of 0.93%; expected volatility of 34%; expected dividend yield of 8.6%; and expected service period of 4 years.
 - 2) Approximately 35% of the 2012 performance awards were based on us achieving a cumulative total shareholder return from January 1, 2012 to December 31, 2014. The minimum total shareholder return needed to earn a portion of this award is 27% with 100% of the award earned if our total shareholder return reaches 35%. If any shares are earned from this award, the shares will vest in

Table of Contents**Index to Financial Statements**

equal annual amounts on January 1, 2015, 2016 and 2017. The fair value of this award was estimated on the date of grant using a Monte Carlo valuation model that assumed the following: risk free interest rate of 0.43%; expected volatility of 35%; expected dividend yield of 8.6%; and expected service period of 5 years.

- 3) The remainder of the 2012 performance awards will be earned if our total shareholder return outpaces that of the Index over the cumulative period from January 1, 2012 to December 31, 2014. Our total shareholder return must exceed that of the Index to earn the minimum number of shares under this award, while it must exceed the Index by 6% to earn 100% of the award. If any shares are earned from this award, the shares will vest in equal annual amounts on January 1, 2015, 2016 and 2017. The fair value of this award was estimated on the date of grant using a Monte Carlo valuation model that assumed the following: risk free interest rate of 0.43%; expected volatility of 35%; expected dividend yield of 8.6%; and expected service period of 5 years.

There were 84,190 of the 2012 performance awards earned and vested in 2014. There were 84,188 of the 2012 performance awards earned and vested in 2013 and 2,599 forfeited in 2013. There were 84,188 of the 2012 performance awards earned and vested in 2012 and 5,718 forfeited in 2012. At December 31, 2014, we have 641,476 of 2012 performance awards remaining to be earned.

The following summarizes restricted equity award activity in 2014 and 2013 (which includes awards granted in 2014, 2013, 2012, and any applicable prior years), respectively:

For the Year Ended December 31, 2014:

	Vesting Based on Service		Vesting Based on Market/Performance Conditions	
	Shares	Weighted Average Value at Award Date	Shares	Weighted Average Value at Award Date
Nonvested awards at beginning of the year	325,999	\$ 11.36	1,999,179	\$ 5.44
Awarded	424,366	\$ 12.21	903,134	\$ 7.57
Vested	(298,102)	\$ 11.43	(473,795)	\$ 7.60
Forfeited		\$		\$
Nonvested awards at end of year	452,263	\$ 12.11	2,428,518	\$ 5.81

For the Year Ended December 31, 2013:

	Vesting Based on Service		Vesting Based on Market/Performance Conditions	
	Shares	Weighted Average Value at Award Date	Shares	Weighted Average Value at Award Date
Nonvested awards at beginning of the year	466,883	\$ 10.72	1,879,889	\$ 6.48
Awarded	240,425	\$ 12.26	754,255	\$ 6.13
Vested	(381,309)	\$ 11.15	(386,446)	\$ 8.27
Forfeited		\$	(248,519)	\$ 11.03
Nonvested awards at end of year	325,999	\$ 11.36	1,999,179	\$ 5.44

The value of stock-based awards is charged to compensation expense over the vesting periods. In the years ended December 31, 2014, 2013 and 2012, we recorded \$9.2 million, \$8.8 million, and \$7.6 million, respectively, of non-cash compensation expense. The remaining unrecognized cost from restricted equity awards at December 31, 2014, is \$12.4 million and will be recognized over a weighted average period of 2.4 years. Restricted equity awards which vested in 2014, 2013 and 2012 had a value of \$10.2 million, \$9.2 million, and \$9.2 million, respectively.

Table of Contents**Index to Financial Statements****8. Commitments and Contingencies***Commitments*

Our operating leases primarily consist of ground leases on which certain of our facilities or other related property reside along with corporate office and equipment leases. These ground leases are long-term leases (almost all having terms for approximately 50 years or more), some contain escalation provisions and one contains a purchase option. Properties subject to these ground leases are subleased to our tenants. Lease and rental expense (which is recorded on the straight-line method) for 2014, 2013 and 2012, respectively, were \$2,321,790, \$2,304,461, and \$2,195,835, which was offset by sublease rental income of \$192,098, \$512,503, and \$492,095 for 2014, 2013, and 2012, respectively.

Fixed minimum payments due under operating leases with non-cancelable terms of more than one year at December 31, 2014 are as follows: (amounts in thousands)

2015	\$ 3,415
2016	3,434
2017	3,443
2018	3,436
2019	3,055
Thereafter	84,759
	\$ 101,542

The total amount to be received in the future from non-cancellable subleases at December 31, 2014, is \$86.5 million.

Contingencies

We are a party to various legal proceedings incidental to our business. In the opinion of management, after consultation with legal counsel, the ultimate liability, if any, with respect to those proceedings is not presently expected to materially affect our financial position, results of operations or cash flows.

9. Common Stock/Partners Capital**2014 Activity***Medical Properties Trust, Inc.*

On March 11, 2014, we completed an underwritten public offering of 7.7 million shares of our common stock, resulting in net proceeds of approximately \$100.2 million, after deducting estimated offering expenses. We also granted the underwriters a 30-day option to purchase up to an additional 1.2 million shares of common stock. The option, which was exercised in full, closed on April 8, 2014 and resulted in additional net proceeds of approximately \$16 million.

In January 2014, we put an at-the-market equity offering program in place, giving us the ability to sell up to \$250 million of stock with a commission of 1.25%. During 2014, we sold 1.7 million shares of our common stock under our at-the-market equity offering program, at an average price of \$13.56 per share resulting in total proceeds, net of commission, of \$22.6 million.

2013 Activity

On August 20, 2013, we completed an offering of 11.5 million shares of common stock (including 1.5 million shares sold pursuant to the exercise in full of the underwriters' option to purchase additional shares) at a price of \$12.75 per share, resulting in net proceeds (after underwriting discount and expenses) of \$140.4 million.

Table of Contents**Index to Financial Statements**

On February 28, 2013, we completed an offering of 12.7 million shares of our common stock (including 1.7 million shares sold pursuant to the exercise in full of the underwriters' option to purchase additional shares) at a price of \$14.25 per share, resulting in net proceeds (after underwriting discount and expenses) of \$172.9 million.

MPT Operating Partnership, L.P.

The Operating Partnership is made up of a general partner, Medical Properties Trust, LLC ("General Partner") and limited partners, including the Company (which owns 100% of the General Partner) and three other partners. By virtue of its ownership of the General Partner, the Company has a 99.8% ownership interest in Operating Partnership via its ownership of all the common units. The remaining ownership interest is held by the two employees and one director via their ownership of LTIP units. These LTIP units were issued to the employees pursuant to the 2007 Multi-Year Incentive Plan, which is now part of the Equity Incentive Plan discussed in Note 7 and once vested in accordance with their award agreement, may be converted to common units per the Second Amended and Restated Agreement of Limited Partnership of MPT Operating Partnership, L.P. ("Operating Partnership Agreement").

In regards to distributions, the Operating Partnership shall distribute cash at such times and in such amounts as are determined by the General Partner in its sole and absolute discretion, to common unit holders who are common unit holders on the record date. However, per the Operating Partnership Agreement, the General Partner shall use its reasonable efforts to cause the Operating Partnership to distribute amounts sufficient to enable the Company to pay stockholder dividends that will allow the Company to (i) meet its distribution requirement for qualification as a REIT and (ii) avoid any federal income or excise tax liability imposed by the Internal Revenue Code, other than to the extent the Company elects to retain and pay income tax on its net capital gain. In accordance with the Operating Partnership Agreement, LTIP units are treated as common units for distribution purposes.

The Operating Partnership's net income will generally be allocated first to the General Partner to the extent of any cumulative losses and then to the limited partners in accordance with their respective percentage interests in the common units issued by the Operating Partnership. Any losses of the Operating Partnership will generally be allocated first to the limited partners until their capital account is zero and then to the General Partner. In accordance with the Operating Partnership Agreement, LTIP units are treated as common units for purposes of income and loss allocations. Limited partners have the right to require the Operating Partnership to redeem part or all of their common units. It is at the Operating Partnership's discretion to redeem such common units for cash based on the fair market value of an equivalent number of shares of the Company's common stock at the time of redemption or, alternatively, redeem the common units for shares of the Company's common stock on a one-for-one basis, subject to adjustment in the event of stock splits, stock dividends, or similar events. In order for LTIP units to be redeemed, they must first be converted to common units and then must wait two years from the issuance of the LTIP units to be redeemed.

For each share of common stock issued by Medical Properties Trust, Inc., the Operating Partnership issues a corresponding number of operating partnership units.

10. Fair Value of Financial Instruments

We have various assets and liabilities that are considered financial instruments. We estimate that the carrying value of cash and cash equivalents, and accounts payable and accrued expenses approximate their fair values. Included in our accounts payable and accrued expenses are our interest rate swaps, which are recorded at fair value based on Level 2 observable market assumptions using standardized derivative pricing models. We estimate the fair value of our interest and rent receivables using Level 2 inputs such as discounting the estimated future cash flows using the current rates at which similar receivables would be made to others with similar credit ratings and for the same remaining maturities. The fair value of our mortgage loans and working capital loans are estimated by using Level 2 inputs (except for the Monroe loan in 2013 for which we use Level 3 inputs) such as

Table of Contents**Index to Financial Statements**

discounting the estimated future cash flows using the current rates which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. We determine the fair value of our senior unsecured notes, using Level 2 inputs such as quotes from securities dealers and market makers. We estimate the fair value of our 2006 Senior Unsecured Notes, revolving credit facilities, and term loans using Level 2 inputs based on the present value of future payments, discounted at a rate which we consider appropriate for such debt.

Fair value estimates are made at a specific point in time, are subjective in nature, and involve uncertainties and matters of significant judgment. Settlement of such fair value amounts may not be possible and may not be a prudent management decision. The following table summarizes fair value estimates for our financial instruments (in thousands):

Asset (Liability)	December 31, 2014		December 31, 2013	
	Book Value	Fair Value	Book Value	Fair Value
Interest and rent receivables	\$ 41,137	\$ 41,005	\$ 58,565	\$ 44,415
Loans(1)	773,311	803,824	351,713	358,383
Debt, net	(2,201,654)	(2,285,727)	(1,421,681)	(1,486,090)

(1) Excludes loans related to Ernest Transaction since they are recorded at fair value and discussed below.

Items Measured at Fair Value on a Recurring Basis

Our equity interest in Ernest and related loans, as discussed in Note 2, are being measured at fair value on a recurring basis as we elected to account for these investments using the fair value option method. We have elected to account for these investments at fair value due to the size of the investments and because we believe this method is more reflective of current values. We have not made a similar election for other equity interests or loans in or prior to 2014.

At December 31, 2014, these amounts were as follows (in thousands):

Asset (Liability)	Fair Value	Cost	Asset Type Classification
Mortgage loan	\$ 100,000	\$ 100,000	Mortgage loans
Acquisition loans	97,450	97,450	Other loans
Equity investment	3,300	3,300	Other assets
	\$ 200,750	\$ 200,750	

Our mortgage loans with Ernest are recorded at fair value based on Level 3 inputs by discounting the estimated cash flows using the market rates which similar loans would be made to borrowers with similar credit ratings and the same remaining maturities. Our acquisition loans and equity investments in Ernest are recorded at fair value based on Level 3 inputs, by using a discounted cash flow model, which requires significant estimates of our investee such as projected revenue and expenses and appropriate consideration of the underlying risk profile of the forecast assumptions associated with the investee. We classify these loans and equity investments as Level 3, as we use certain unobservable inputs to the valuation methodology that are significant to the fair value measurement, and the valuation requires management judgment due to the absence of quoted market prices. For these cash flow models, our observable inputs include use of a capitalization rate, discount rate (which is based on a weighted-average cost of capital), and market interest rates, and our unobservable input includes an adjustment for a marketability discount (DLOM) on our equity investment of 40% at December 31, 2014.

Table of Contents**Index to Financial Statements**

In regards to the underlying projection of revenues and expenses used in the discounted cash flow model, such projections are provided by Ernest. However, we will modify such projections (including underlying assumptions used) as needed based on our review and analysis of Ernest's historical results, meetings with key members of management, and our understanding of trends and developments within the healthcare industry.

In arriving at the DLOM, we started with a DLOM range based on the results of studies supporting valuation discounts for other transactions or structures without a public market. To select the appropriate DLOM within the range, we then considered many qualitative factors including the percent of control, the nature of the underlying investee's business along with our rights as an investor pursuant to the operating agreement, the size of investment, expected holding period, number of shareholders, access to capital marketplace, etc. To illustrate the effect of movements in the DLOM, we performed a sensitivity analysis below by using basis point variations (dollars in thousands):

Basis Point	Estimated Increase (Decrease)	
Change in	In Fair Value	
Marketability Discount		
+100 basis points	\$	(451)
- 100 basis points	\$	451

Because the fair value of Ernest investments noted above approximate their original cost, we did not recognize any unrealized gains/losses during 2014, 2013, or 2012. To date, we have not received any distribution payments from our equity investment in Ernest.

11. Discontinued Operations

The following table presents the results of discontinued operations, which include the revenue and expenses of facilities disposed of prior to 2014 for the year ended December 31, 2014, 2013, and 2012 (amounts in thousands except per share/unit data):

	For the Years Ended		
	December 31,		
	2014	2013	2012
Revenues	\$	\$ 988	\$ 3,470
Gain on sale		7,659	16,369
Income (loss) from discontinued operations	(2)	7,914	17,207
Income from discontinued operations diluted per share/unit	\$	\$ 0.05	\$ 0.13

12. Other Assets

The following is a summary of our other assets (in thousands):

	At December 31,	
	2014	2013
Debt issue costs, net	\$ 35,324	\$ 27,180
Other corporate assets	28,197	20,337
Prepays and other assets	58,584	20,356
Total other assets	\$ 122,105	\$ 67,873

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Other corporate assets include leasehold improvements associated with our corporate office space, furniture and fixtures, equipment, software, deposits, etc. Included in prepaids and other assets is prepaid insurance, prepaid taxes, lease inducements made to tenants (such as the \$5 million inducement made to Prime in 2014 related to their taking over the management of the Monroe facility), and our equity interests in our tenants (which is up this year due to new investments made along with income earned from these equity interests see Note 3 for further details).

Table of Contents**Index to Financial Statements****13. Quarterly Financial Data (unaudited)***Medical Properties Trust, Inc.*

The following is a summary of the unaudited quarterly financial information for the years ended December 31, 2014 and 2013: (amounts in thousands, except for per share data)

	For the Three Month Periods in 2014 Ended			
	March 31	June 30	September 30	December 31
Revenues	\$ 73,089	\$ 76,560	\$ 80,777	\$ 82,106
Income (loss) from continuing operations	7,309	(203)	28,663	15,029
Income (loss) from discontinued operations	(2)			
Net income	7,307	(203)	28,663	15,029
Net income attributable to MPT common stockholders	7,241	(203)	28,537	14,947
Net income attributable to MPT common stockholders per share basic	\$ 0.04	\$	\$ 0.16	\$ 0.08
Weighted average shares outstanding basic	163,973	171,718	171,893	172,411
Net income attributable to MPT common stockholders per share diluted	\$ 0.04	\$	\$ 0.16	\$ 0.08
Weighted average shares outstanding diluted	164,549	171,718	172,639	172,604

	For the Three Month Periods in 2013 Ended			
	March 31	June 30	September 30	December 31
Revenues	\$ 57,614	\$ 57,124	\$ 60,106	\$ 67,679
Income from continuing operations	25,570	25,031	25,391	13,309
Income from discontinued operations	640	2,374	312	4,588
Net income	26,210	27,405	25,703	17,897
Net income attributable to MPT common stockholders	26,156	27,348	25,648	17,839
Net income attributable to MPT common stockholders per share basic	\$ 0.19	\$ 0.18	\$ 0.16	\$ 0.11
Weighted average shares outstanding basic	140,347	149,509	154,758	161,143
Net income attributable to MPT common stockholders per share diluted	\$ 0.18	\$ 0.18	\$ 0.16	\$ 0.11
Weighted average shares outstanding diluted	141,526	151,056	155,969	161,840

MPT Operating Partnership, L.P.

The following is a summary of the unaudited quarterly financial information for the years ended December 31, 2014 and 2013: (amounts in thousands, except for per unit data)

	For the Three Month Periods in 2014 Ended			
	March 31	June 30	September 30	December 31
Revenues	\$ 73,089	\$ 76,560	\$ 80,777	\$ 82,106
Income (loss) from continuing operations	7,309	(203)	28,663	15,029
Income (loss) from discontinued operations	(2)			
Net income (loss)	7,307	(203)	28,663	15,029
Net income attributable to MPT Operating Partnership partners	7,241	(203)	28,537	14,948
Net income attributable to MPT Operating Partnership partners per unit basic	\$ 0.04	\$	\$ 0.16	\$ 0.08
Weighted average units outstanding basic	163,973	171,718	171,893	172,411
	\$ 0.04	\$	\$ 0.16	\$ 0.08

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Net income attributable to MPT Operating Partnership partners per
unit - diluted

Weighted average units outstanding - diluted	164,549	171,718	172,639	172,604
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Table of Contents**Index to Financial Statements**

	For the Three Month Periods in 2013 Ended			
	March 31	June 30	September 30	December 31
Revenues	\$ 57,614	\$ 57,124	\$ 60,106	\$ 67,679
Income from continuing operations	25,570	25,031	25,391	13,309
Income from discontinued operations	640	2,374	312	4,588
Net income	26,210	27,405	25,703	17,897
Net income attributable to MPT Operating Partnership partners	26,156	27,348	25,648	17,839
Net income attributable to MPT Operating Partnership partners per unit - basic	\$ 0.19	\$ 0.18	\$ 0.16	\$ 0.11
Weighted average units outstanding - basic	140,347	149,509	154,758	161,143
Net income attributable to MPT Operating Partnership partners per unit - diluted	\$ 0.18	\$ 0.18	\$ 0.16	\$ 0.11
Weighted average units outstanding - diluted	141,526	151,056	155,969	161,840

14. Subsequent Events

On January 14, 2015, we completed an underwritten public offering of 34.5 million shares (including the exercise of the underwriters' 30-day option to purchase an additional 4.5 million shares) of our common stock, resulting in net proceeds of approximately \$480 million, after deducting estimated offering expenses.

Table of Contents

Index to Financial Statements

ITEM 9. *Changes in and Disagreements With Accountants on Accounting and Financial Disclosure*

None.

ITEM 9A. *Controls and Procedures*

Medical Properties Trust, Inc.

(a) *Evaluation of Disclosure Controls and Procedures.* As required by Rule 13a-15(b), under the Securities Exchange Act of 1934, as amended, we have carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be disclosed by us in the reports that we file with the SEC.

(b) *Management's Report on Internal Control over Financial Reporting.* The management of Medical Properties Trust, Inc. has prepared the consolidated financial statements and other information in our Annual Report in accordance with accounting principles generally accepted in the United States of America and is responsible for its accuracy. The financial statements necessarily include amounts that are based on management's best estimates and judgments. In meeting its responsibility, management relies on internal accounting and related control systems. The internal control systems are designed to ensure that transactions are properly authorized and recorded in our financial records and to safeguard our assets from material loss or misuse. Such assurance cannot be absolute because of inherent limitations in any internal control system.

Management of Medical Properties Trust, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed 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.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In connection with the preparation of our annual financial statements, management has undertaken an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2014. The assessment was based upon the framework described in the Integrated Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) based on criteria established in *Internal Control - Integrated Framework (2013)*. Management's assessment included an evaluation of the design of internal control over financial reporting and testing of the operational effectiveness of internal control over financial reporting. We have reviewed the results of the assessment with the Audit Committee of our Board of Directors.

Based on our assessment under the criteria set forth in COSO, management has concluded that, as of December 31, 2014, Medical Properties Trust, Inc. maintained effective internal control over financial reporting.

The effectiveness of our internal control over financial reporting as of December 31, 2014, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

(c) *Changes in Internal Controls over Financial Reporting.* There has been no change in Medical Properties Trust, Inc.'s internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents

Index to Financial Statements

MPT Operating Partnership, L.P.

(a) *Evaluation of Disclosure Controls and Procedures.* As required by Rule 13a-15(b), under the Securities Exchange Act of 1934, as amended, we have carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be disclosed by us in the reports that we file with the SEC.

(b) *Management's Report on Internal Control over Financial Reporting.* The management of MPT Operating Partnership, L.P. has prepared the consolidated financial statements and other information in our Annual Report in accordance with accounting principles generally accepted in the United States of America and is responsible for its accuracy. The financial statements necessarily include amounts that are based on management's best estimates and judgments. In meeting its responsibility, management relies on internal accounting and related control systems. The internal control systems are designed to ensure that transactions are properly authorized and recorded in our financial records and to safeguard our assets from material loss or misuse. Such assurance cannot be absolute because of inherent limitations in any internal control system.

Management of MPT Operating Partnership, L.P. is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed 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.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In connection with the preparation of our annual financial statements, management has undertaken an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2014. The assessment was based upon the framework described in the Integrated Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) based on criteria established in *Internal Control - Integrated Framework (2013)*. Management's assessment included an evaluation of the design of internal control over financial reporting and testing of the operational effectiveness of internal control over financial reporting. We have reviewed the results of the assessment with the Audit Committee of our Board of Directors.

Based on our assessment under the criteria set forth in COSO, management has concluded that, as of December 31, 2014, MPT Operating Partnership, L.P. maintained effective internal control over financial reporting.

The effectiveness of our internal control over financial reporting as of December 31, 2014, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

(c) *Changes in Internal Controls over Financial Reporting.* There has been no change in MPT Operating Partnership, L.P.'s internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information

None.

Table of Contents

Index to Financial Statements

PART III

ITEM 10. *Directors, Executive Officers and Corporate Governance*

The information required by this Item 10 is incorporated by reference to our definitive Proxy Statement for the 2015 Annual Meeting of Stockholders, which will be filed by us with the Commission not later than April 30, 2015.

ITEM 11. *Executive Compensation*

The information required by this Item 11 is incorporated by reference to our definitive Proxy Statement for the 2015 Annual Meeting of Stockholders, which will be filed by us with the Commission not later than April 30, 2015.

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 our definitive Proxy Statement for the 2015 Annual Meeting of Stockholders, which will be filed by us with the Commission not later than April 30, 2015.

ITEM 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required by this Item 13 is incorporated by reference to our definitive Proxy Statement for the 2015 Annual Meeting of Stockholders, which will be filed by us with the Commission not later than April 30, 2015.

ITEM 14. *Principal Accountant Fees and Services*

The information required by this Item 14 is incorporated by reference to our definitive Proxy Statement for the 2015 Annual Meeting of Stockholders, which will be filed by us with the Commission not later than April 30, 2015.

Table of Contents**Index to Financial Statements****PART IV****ITEM 15. Exhibits and Financial Statement Schedules**
(a) Financial Statements and Financial Statement Schedules**Index of Financial Statements of Medical Properties Trust, Inc. and MPT Operating Partnership, L.P. which are included in Part II, Item 8 of this Annual Report on Form 10-K:**

Report of Independent Registered Public Accounting Firm	
<u>Medical Properties Trust, Inc.</u>	60
<u>MPT Operating Partnership, L.P.</u>	62
Medical Properties Trust, Inc.	
<u>Consolidated Balance Sheets as of December 31, 2014 and 2013</u>	64
<u>Consolidated Statements of Net Income for the Years Ended December 31, 2014, 2013 and 2012</u>	65
<u>Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2014, 2013, and 2012</u>	66
<u>Consolidated Statements of Equity for the Years Ended December 31, 2014, 2013 and 2012</u>	67
<u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2014, 2013 and 2012</u>	68
MPT Operating Partnership, L.P.	
<u>Consolidated Balance Sheets as of December 31, 2014 and 2013</u>	69
<u>Consolidated Statements of Net Income for the Years Ended December 31, 2014, 2013 and 2012</u>	70
<u>Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2014, 2013, and 2012</u>	71
<u>Consolidated Statements of Capital for the Years Ended December 31, 2014, 2013 and 2012</u>	72
<u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2014, 2013, and 2012</u>	73
Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.	
<u>Notes to Consolidated Financial Statements</u>	74
Financial Statement Schedules	
<u>Schedule II Valuation and Qualifying Accounts</u>	118
<u>Schedule III Real Estate and Accumulated Depreciation</u>	119
<u>Schedule IV Mortgage Loans on Real Estate</u>	123
(b) Exhibits	

Exhibit

Number	Exhibit Title
3.1(1)	Medical Properties Trust, Inc. Second Articles of Amendment and Restatement
3.2(3)	Articles of Amendment of Second Articles of Amendment and Restatement of Medical Properties Trust, Inc.
3.3(6)	Articles of Amendment of Second Articles of Amendment and Restatement of Medical Properties Trust, Inc.
3.4(19)	Articles of Amendment to Second Articles of Amendment and Restatement of Medical Properties Trust, Inc.
3.5(2)	Medical Properties Trust, Inc. Second Amended and Restated Bylaws
4.1(1)	Form of Common Stock Certificate
4.2(4)	Indenture, dated July 14, 2006, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P. and the Wilmington Trust Company, as trustee

Table of Contents

Index to Financial Statements

4.3(9)	Indenture, dated as of April 26, 2011, Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust Company, as Trustee.
4.4(26)	First Supplemental Indenture to 2011 Indenture, dated as of August 10, 2011, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.5(26)	Second Supplemental Indenture to 2011 Indenture, dated as of October 3, 2011, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.6(26)	Third Supplemental Indenture to 2011 Indenture, dated as of December 2, 2011, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.7(26)	Fourth Supplemental Indenture to 2011 Indenture, dated as of January 19, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.8(26)	Fifth Supplemental Indenture to 2011 Indenture, dated as of April 9, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.9(26)	Sixth Supplemental Indenture to 2011 Indenture, dated as of June 27, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.10(26)	Seventh Supplemental Indenture to 2011 Indenture, dated as of July 31, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.11(26)	Eighth Supplemental Indenture to 2011 Indenture, dated as of September 28, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.12(26)	Ninth Supplemental Indenture to 2011 Indenture, dated as of December 28, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.13(26)	Tenth Supplemental Indenture to 2011 Indenture, dated as of June 27, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.14(26)	Eleventh Supplemental Indenture to 2011 Indenture, dated as of August 8, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.15(26)	Twelfth Supplemental Indenture to 2011 Indenture, dated as of October 30, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.16(26)	Thirteenth Supplemental Indenture to 2011 Indenture, dated as of December 20, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.17*	Fourteenth Supplemental Indenture to 2011 Indenture, dated as of March 31, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.

Table of Contents**Index to Financial Statements**

4.18(27)	Fifteenth Supplemental Indenture to 2011 Indenture, dated as of June 30, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.19*	Sixteenth Supplemental Indenture to 2011 Indenture, dated as of October 3, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.20(20)	Indenture, dated as of February 17, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.21(23)	First Supplemental Indenture to 2012 Indenture, dated as of April 9, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.22(23)	Second Supplemental Indenture to 2012 Indenture, dated as of June 27, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.23(23)	Third Supplemental Indenture to 2012 Indenture, dated as of July 31, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.24(23)	Fourth Supplemental Indenture to 2012 Indenture, dated as of September 28, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.25(23)	Fifth Supplemental Indenture to 2012 Indenture, dated as of December 26, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.26(23)	Sixth Supplemental Indenture to 2012 Indenture, dated as of June 27, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.27(23)	Seventh Supplemental Indenture to 2012 Indenture, dated as of August 8, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.28(24)	Eighth Supplemental Indenture to 2012 Indenture, dated as of August 20, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.29(26)	Ninth Supplemental Indenture to 2012 Indenture, dated as of October 30, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.30(26)	Tenth Supplemental Indenture to 2012 Indenture, dated as of December 20, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.31(28)	Eleventh Supplemental Indenture to 2012 Indenture, dated as of March 31, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.

Table of Contents**Index to Financial Statements**

4.32(27)	Twelfth Supplemental Indenture to 2012 Indenture, dated as of June 30, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.33*	Thirteenth Supplemental Indenture to 2012 Indenture, dated as of October 3, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.34(25)	Indenture, dated as of October 10, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.35(25)	First Supplemental Indenture to 2013 Indenture, dated as of October 10, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.36(26)	Second Supplemental Indenture to 2013 Indenture, dated as of October 30, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.37(26)	Third Supplemental Indenture to 2013 Indenture, dated as of December 20, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.38(28)	Fourth Supplemental Indenture to 2013 Indenture, dated as of March 31, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.39(29)	Fifth Supplemental Indenture to 2013 Indenture, dated as of April 17, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.40(27)	Sixth Supplemental Indenture to 2013 Indenture, dated as of June 30, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.41*	Seventh Supplemental Indenture to 2013 Indenture, dated as of October 3, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
10.1(11)	Second Amended and Restated Agreement of Limited Partnership of MPT Operating Partnership, L.P.
10.2(8)	Medical Properties Trust, Inc. 2013 Equity Incentive Plan
10.3(7)	Form of Stock Option Award
10.4(7)	Form of Restricted Stock Award
10.5(7)	Form of Deferred Stock Unit Award
10.6(1)	Employment Agreement between Medical Properties Trust, Inc. and Edward K. Aldag, Jr., dated September 10, 2003
10.7(1)	First Amendment to Employment Agreement between Registrant and Edward K. Aldag, Jr., dated March 8, 2004
10.8(1)	Employment Agreement between Medical Properties Trust, Inc. and R. Steven Hamner, dated September 10, 2003
10.9(1)	Employment Agreement between Medical Properties Trust, Inc. and Emmett E. McLean, dated September 10, 2003

Table of Contents

Index to Financial Statements

10.10(1)	Form of Indemnification Agreement between Medical Properties Trust, Inc. and executive officers and directors
10.11(11)	Form of Medical Properties Trust, Inc. 2007 Multi-Year Incentive Plan Award Agreement (LTIP Units)
10.12(11)	Form of Medical Properties Trust, Inc. 2007 Multi-Year Incentive Plan Award Agreement (Restricted Shares)
10.13(16)	Second Amendment to Employment Agreement between Medical Properties Trust, Inc. and Edward K. Aldag, Jr., dated September 29, 2006
10.14(16)	First Amendment to Employment Agreement between Medical Properties Trust, Inc. and R. Steven Hamner, dated September 29, 2006
10.15(16)	First Amendment to Employment Agreement between Medical Properties Trust, Inc. and Emmett E. McLean, dated September 29, 2006
10.16(17)	Second Amendment to Employment Agreement between Medical Properties Trust, Inc. and William G. McKenzie, dated February 27, 2009
10.17(17)	Second Amendment to Employment Agreement between Medical Properties Trust, Inc. and Emmett E. McLean, dated January 1, 2008
10.18(17)	Third Amendment to Employment Agreement between Medical Properties Trust, Inc. and Emmett E. McLean, dated January 1, 2009
10.19(17)	Second Amendment to Employment Agreement between Medical Properties Trust, Inc. and Richard S. Hamner, dated January 1, 2008
10.20(17)	Third Amendment to Employment Agreement between Medical Properties Trust, Inc. and R. Steven Hamner, dated January 1, 2009
10.21(17)	Third Amendment to Employment Agreement between Medical Properties Trust, Inc. and Edward K. Aldag, Jr., dated January 1, 2008
10.22(17)	Fourth Amendment to Employment Agreement between Medical Properties Trust, Inc. and Edward K. Aldag, Jr., dated January 1, 2009
10.23(17)	Third Amendment to Employment Agreement between Medical Properties Trust, Inc. and William G. McKenzie, dated January 1, 2008
10.24(17)	Fourth Amendment to Employment Agreement between Registrant and William G. McKenzie, dated January 1, 2009
10.25(9)	Amended and Restated Revolving Credit and Term Loan Agreement, dated as of April 26, 2011, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., KeyBank National Association as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent
10.26(30)	Amended and Restated Revolving Credit and Term Loan Agreement, dated as of June 19, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., the several lenders from time to time party thereto, Bank of America, N.A., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent.
10.27*	First Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of October 17, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., the several lenders from time to time party thereto, Bank of America, N.A., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent.
10.28(19)	Master Sublease Agreement between certain subsidiaries of MPT Development Services, Inc. as Lessor, and certain subsidiaries of Ernest Health, Inc., as Lessee.

Table of Contents

Index to Financial Statements

10.29(22)	Master Lease Agreement I between certain subsidiaries of MPT Operating Partnership, LP, as Lessor, and certain subsidiaries of Prime Healthcare Services, Inc., as Lessee and related first amendment and Master Lease Agreement II between certain subsidiaries of MPT Operating Partnership, LP, as Lessor, and certain subsidiaries of Prime Healthcare Services, Inc., as Lessee and related first amendment.
12.1*	Statement re Computation of Ratios
21.1*	Subsidiaries of Medical Properties Trust, Inc.
23.1*	Consent of PricewaterhouseCoopers LLP
23.2*	Consent of PricewaterhouseCoopers LLP
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (Medical Properties Trust, Inc.)
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (Medical Properties Trust, Inc.)
31.3*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (MPT Operating Partnership, L.P.)
31.4*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (MPT Operating Partnership, L.P.)
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Medical Properties Trust, Inc.)
32.2*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (MPT Operating Partnership, L.P.)
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

- (1) Incorporated by reference to Registrant's Registration Statement on Form S-11 filed with the Commission on October 26, 2004, as amended (File No. 333-119957).
- (2) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on November 24, 2009.
- (3) Incorporated by reference to Registrant's quarterly report on Form 10-Q for the quarter ended September 30, 2005, filed with the Commission on November 10, 2005.
- (4) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on July 20, 2006.
- (5) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on November 13, 2006.
- (6) Incorporated by reference to the Registrant's current report on Form 8-K, filed with the Commission on January 13, 2009.
- (7) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on October 18, 2005.

Table of Contents

Index to Financial Statements

- (8) Incorporated by reference to Registrant's definitive proxy statement on Schedule 14A, filed with the Commission on April 26, 2013.
- (9) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on May 2, 2011.
- (10) Incorporated by reference to Registrant's quarterly report on Form 10-Q for the quarter ended September 30, 2007, filed with the Commission on November 9, 2007.
- (11) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on August 6, 2007, as amended by Medical Properties Trust, Inc.'s current report on Form 8-K/A, filed with the Commission on August 15, 2007.
- (12) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on August 15, 2007.
- (13) Reserved.
- (14) Incorporated by reference to Registrant's quarterly report on Form 10-Q for the quarter ended March 31, 2008, filed with the Commission on May 9, 2008.
- (15) Incorporated by reference to Registrant's quarterly report on Form 10-Q for the quarter ended June 30, 2008, filed with the Commission on August 8, 2008.
- (16) Incorporated by reference to Registrant's annual report on Form 10-K/A for the period ended December 31, 2007, filed with the Commission on July 11, 2008.
- (17) Incorporated by reference to Registrant's annual report on Form 10-K for the period ended December 31, 2008, filed with the Commission on March 13, 2009.
- (18) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on June 11, 2010.
- (19) Incorporated by reference to Medical Properties Trust, Inc.'s current report on Form 8-K, filed with the Commission on January 31, 2012.
- (20) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on February 24, 2012.
- (21) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on March 15, 2012.
- (22) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s quarterly report on Form 10-Q, filed with the Commission on November 9, 2012.
- (23) Incorporated by reference to Medical Properties Trust, Inc., MPT Operating Partnership, L.P. and MPT Finance Corporation's registration statement on Form S-3, filed with the Commission on August 9, 2013.
- (24) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on August 20, 2013.
- (25) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on October 16, 2013.
- (26) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s annual report on Form 10-K, filed with the Commission on March 3, 2014.
- (27) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s quarterly report on Form 10-Q, filed with the Commission on August 11, 2014.
- (28) Incorporated by reference to Medical Properties Trust, Inc., MPT Operating Partnership, L.P. and MPT Finance Corporation's post-effective amendment to registration statement on Form S-3, filed with the Commission on April 10, 2014.
- (29) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on April 23, 2014.
- (30) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on June 25, 2014.

Table of Contents

Index to Financial Statements

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

MEDICAL PROPERTIES TRUST, INC.

By: /s/ R. Steven Hamner
R. Steven Hamner
Executive Vice President and Chief Financial
Officer

(Principal Financial and Accounting Officer)

MPT OPERATING PARTNERSHIP, L.P.

By: /s/ R. Steven Hamner
R. Steven Hamner
Executive Vice President and Chief Financial
Officer

of the sole member of the general partner of

MPT Operating Partnership, L.P.

(Principal Financial and Accounting Officer)

Date: March 2, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Edward K. Aldag, Jr. Edward K. Aldag, Jr.	Chairman of the Board, President, Chief Executive Officer and Director (Principal Executive Officer)	March 2, 2015
/s/ R. Steven Hamner R. Steven Hamner	Executive Vice President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)	March 2, 2015
/s/ G. Steven Dawson G. Steven Dawson	Director	March 2, 2015

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/s/ Robert E. Holmes, Ph.D.	Director	March 2, 2015
Robert E. Holmes, Ph.D.		
/s/ Sherry A. Kellett	Director	March 2, 2015
Sherry A. Kellett		
/s/ William G. McKenzie	Director	March 2, 2015
William G. McKenzie		
/s/ L. Glenn Orr, Jr.	Director	March 2, 2015
L. Glenn Orr, Jr.		
/s/ D. Paul Sparks	Director	March 2, 2015
D. Paul Sparks		

Table of Contents**Index to Financial Statements****Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.****Schedule II: Valuation and Qualifying Accounts****December 31, 2014**

Year Ended December 31,	Balance at Beginning of Year(1)	Additions Charged Against Operations(1)	Deductions Net Recoveries/ Writeoffs(1)	Balance at End of Year(1)
	(In thousands)			
2014	\$ 41,573	\$ 65,512(2)	\$ (86,956)(5)	\$ 20,129
2013	\$ 34,769	\$ 9,397(3)	\$ (2,593)	\$ 41,573
2012	\$ 32,618	\$ 4,540(4)	\$ (2,389)	\$ 34,769

- (1) Includes allowance for doubtful accounts, straight-line rent reserves, allowance for loan losses, tax valuation allowances and other reserves.
- (2) Includes the \$47 million of impairment charges related to the Monroe property, \$9.5 million of rent and interest reserves primarily related to the Monroe property (prior to change in operators see note 3 to Item 8 of the Form 10-K for further details), and approximately \$9 million increase in the valuation allowance to fully reserve our net deferred tax assets.
- (3) Includes \$4.8 million and \$2.7 million in rent and interest reserves, respectively, related to our Monroe properties along with \$1.9 million to fully reserve for the net deferred tax asset of certain German subsidiaries.
- (4) Includes \$1.6 million and \$2.9 million in rent and interest reserves, respectively, related to our Monroe properties.
- (5) Writeoffs of loans and other receivables related to the Monroe facility due to change in operators.

Table of Contents**Index to Financial Statements****SCHEDULE III REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION****December 31, 2014**

Location	Type of Property	Initial Costs		Additions Subsequent to Acquisition		Cost at December 31, 2014			Accumulated Depreciation	Encumbrances	Date of Construction	Date Acquired	Life on which depreciation in latest income statements is computed (Years)
		Land	Buildings	Improvements	Carrying Costs	Land	Buildings	Total					
Baden-Wuerttemberg, Germany	Rehabilitation hospital	\$	\$ 10,536	\$	\$	\$ 10,536	\$ 10,536	\$ 285		1994	November 30, 2013	40	
Saxony, Germany	Rehabilitation hospital	415	22,849			415	22,849	619		1996	November 30, 2013	40	
Rhineland-Pflaz, Germany	Rehabilitation hospital	3,536	16,716			3,536	16,716	453		1960	November 30, 2013	40	
Brandenburg, Germany	Rehabilitation hospital	386	19,908			386	19,908	539		1994	November 30, 2013	40	
Hesse, Germany	Rehabilitation hospital	102	5,832			102	5,832	158		1981	November 30, 2013	40	
Hesse, Germany	Rehabilitation hospital	3,428	16,488			3,428	16,488	447		1977	November 30, 2013	40	
Rhineland-Pflaz, Germany	Rehabilitation hospital		33,081				33,081	896		1992	November 30, 2013	40	
Saxony, Germany	Rehabilitation hospital	600	16,644			600	16,644	451		1904, 1995	November 30, 2013	40	
Rhineland-Pflaz, Germany	Rehabilitation hospital	811	7,290			811	7,290	197		1980	November 30, 2013	40	
Rhineland-Pflaz, Germany	Rehabilitation hospital	6,498	17,942			6,498	17,942	486		1930	November 30, 2013	40	
Baden-Wuerttemberg, Germany	Rehabilitation hospital	3,809	6,490			3,809	6,490	176		1986	November 30, 2013	40	
Bavaria, Germany	Rehabilitation hospital	2,455	10,352	216		2,455	10,568	22		1974	November 19, 2014	40	
Thuringia, Germany	Rehabilitation hospital	1,788	37,772			1,788	37,772	157		1954, 1992	November 5, 2014	40	
Baden-Wuerttemberg, Germany	Rehabilitation hospital	382	13,806	250		382	14,056	29		1988, 1995	December 11, 2014	40	
Bath, UK											July 1,		
	Acute care general hospital	3,232	36,614			3,232	36,614	458		2008, 2009	2014	40	
Houston, TX	Acute care general hospital	3,501	34,530	8,477	12,468	3,274	55,702	6,432		1960	August 10, 2007	40	
Allen, TX											July 14,		
	Freestanding ER	1,550	3,847			1,550	3,847	47		2014	2014	40	
San Diego, CA	Acute care general hospital	12,663	52,432			12,663	52,432	5,134		1973	February 9, 2011	40	
Alvin, TX		105	4,087			105	4,087	53		2014		40	

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	Freestanding ER								March 19, 2014	
Bayonne, NJ	Acute care general hospital	2,003	51,495		2,003	51,495	53,498	10,084	1918	February 4, 2011 20
Bennettsville, SC	Acute care general hospital	794	15,772		794	15,772	16,566	2,662	1984	April 1, 2008 40
Bossier City, LA	Long term acute care hospital	900	17,818		900	17,818	18,718	3,004	1982	April 1, 2008 40
Bristol, CT	Wellness Center	485	2,267		485	2,267	2,752	1,253	1975	April 22, 2008 10
Austin, TX	Freestanding ER	1,140	3,909		1,140	3,909	5,049	64	2014	May 29, 2014 40
Broomfield, CO	Freestanding ER	825	3,116		825	3,116	3,941	39	2014	July 3, 2014 40
Cedar Hill, TX	Freestanding ER	1,122	3,583		1,122	3,583	4,705	50	2014	June 23, 2014 40
Spring, TX	Freestanding ER	1,310	3,513		1,310	3,513	4,823	40	2014	July 15, 2014 40
Cheraw, SC	Acute care general hospital	657	19,576		657	19,576	20,233	3,303	1982	April 1, 2008 40
Webster, TX	Long term acute care hospital	663	33,751		663	33,751	34,414	3,375	2004	December 21, 2010 40
Commerce City, TX	Freestanding ER	707	3,518		707	3,518	4,225	6	2014	December 11, 2014 40
Corinth, TX	Long term acute care hospital	1,288	21,175	313	1,601	21,175	22,776	2,120	2008	January 31, 2011 40

Table of Contents

Index to Financial Statements

Location	Type of Property	Initial Costs		Additions Subsequent to Acquisition		Cost at December 31, 2014			Accumulated Depreciation	Encumbrances	Date of Construction	Date Acquired	Life on which depreciation in latest income statements is computed (Years)
		Land	Buildings	Improvements	Carrying Costs	Land	Buildings	Total					
Covington, LA	Long term acute care hospital	821	10,238		14	821	10,252	11,073	2,456		1984	2005	June 9, 40
Dallas, TX	Long term acute care hospital	1,000	13,589		368	1,421	13,536	14,957	2,820		2006	2006	September 5, 40
DeSoto, TX	Long term acute care hospital	1,067	10,701	86	8	1,161	10,701	11,862	929		2008	2011	July 18, 40
Detroit, MI	Long term acute care hospital	1,220	8,687		(365)	1,220	8,322	9,542	1,449		1956	2008	May 22, 40
Dulles, TX	Freestanding ER	1,076	3,384			1,076	3,384	4,460	28		2014	2014	September 12, 40
Houston, TX	Freestanding ER												June 20, 40
Enfield, CT	Wellness Center	1,345	3,668			1,345	3,668	5,013	53		2014	2014	April 22, 10
East Providence, RI	Wellness Center	384	2,257			384	2,257	2,641	1,248		1974	2008	April 22, 10
Fairmont, CA	Acute care general hospital	209	1,265			209	1,265	1,474	701		1979	2014	September 19, 40
Firestone, TX	Freestanding ER	1,000	12,301	277		1,277	12,301	13,578	95		1939, 1972, 1985	2014	June 6, 40
Florence, AZ	Acute care general hospital	495	3,951			495	3,951	4,446	58		2014	2014	November 4, 40
Fort Lauderdale, FL	Rehabilitation hospital	900	28,462			900	28,462	29,362	1,947		2012	2010	April 22, 40
Fountain, CO	Freestanding ER	3,499	21,939		1	3,499	21,940	25,439	3,664		1985	2008	July 31, 40
Frisco, TX	Freestanding ER	1,508	4,020			1,508	4,020	5,528	42		2014	2014	June 13, 40
Garden Grove, CA	Acute care general hospital	1,500	3,863			1,500	3,863	5,363	52		2014	2014	November 25, 40
Garden Grove, CA	Medical Office Building	5,502	10,748		51	5,502	10,799	16,301	1,655		1982	2008	November 25, 40
Gilbert, AZ	Acute care general hospital	862	7,888		28	862	7,916	8,778	1,206		1982	2008	January 4, 40
		150	15,553			150	15,553	15,703	1,555		2005	2011	40

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Hammond, LA	Long term acute care hospital	519	8,941		519	8,941	9,460	466		2003	December 14, 2012	40	
Hausman, TX	Acute care general hospital	1,500	8,958		1,500	8,958	10,458	386		2013	March 1, 2013	40	
Hill County, TX	Acute care general hospital	1,120	17,882		1,120	17,882	19,002	5,095		1980	September 17, 2010	40	
Hoboken, NJ	Acute care general hospital	1,387	44,351		1,387	44,351	45,738	6,951		1863	November 4, 2011	20	
Idaho Falls, ID	Acute care general hospital										April 1, 2008	40	
		1,822	37,467	4,665	1,822	42,132	43,954	6,971		2002	February 1, 2013	40	
Lafayette, IN	Rehabilitation hospital	800	14,968	(25)	800	14,943	15,743	702		2013	December 1, 2013	40	
Little Elm, TX	Freestanding ER	1,241	3,491		1,241	3,491	4,732	91		2013	December 1, 2013	40	
Luling, TX	Long term acute care hospital	811	9,345		811	9,345	10,156	1,889		2002	December 1, 2006	40	
Mesa, AZ	Acute care general hospital	4,900	97,980	2,242	7,142	97,980	105,122	3,249		2007	September 26, 2013	40	
Bloomington, IN	Acute care general hospital	2,392	28,212	5,000	408	2,392	33,620	36,012	6,599	2006	August 8, 2006	40	
Montclair, NJ	Acute care general hospital										April 1, 2014	40	
		7,900	99,632	585	8,485	99,632	108,117	1,897		1920-2000	January 1, 2014	40	
San Antonio, TX	Freestanding ER	351	3,952		351	3,952	4,303	73		2014	December 1, 2014	40	
Houston, TX	Acute care general hospital	4,757	56,238	(37)	1,259	5,427	56,790	62,217	11,427	2006	December 1, 2006	40	
New Braunfels, TX	Long term acute care hospital	1,100	7,883		1,100	7,883	8,983	640		2007	September 30, 2011	40	
Newington, CT	Wellness Center	270	1,615		270	1,615	1,885	894		1979	April 22, 2008	10	
Shenandoah, TX	Rehabilitation hospital										June 17, 2010	40	
		2,033	21,943		2,033	21,943	23,976	2,469		2008	June 5, 2014	40	
Colorado Springs, CO	Freestanding ER										2014	2014	40
		600	4,222		600	4,222	4,822	62		2014	February 14, 2011	40	
Northland, MO	Long term acute care hospital	834	17,182		834	17,182	18,016	1,683	13,683	2007	August 31, 2014	40	
Altoona, WI	Acute care general hospital		27,650			27,650	27,650	241		2014	2014	40	

Table of Contents**Index to Financial Statements**

Location	Type of Property	Initial Costs		Improvements	Additions Subsequent to Acquisition	Cost at December 31, 2014			Accumulated Depreciation	Encumbrances	Date of Construction	Date Acquired	Life on which depreciation in latest income statements is computed (Years)
		Land	Buildings			Land	Buildings	Total					
Ogden, UT	Rehabilitation hospital	1,759	16,414			1,759	16,414	18,173	328		2014	March 1, 2014	40
Overlook, TX	Acute care general hospital	2,452	9,666	7		2,452	9,673	12,125	440		2012	February 1, 2013	40
San Diego, CA	Acute care general hospital	6,550	15,653		77	6,550	15,730	22,280	3,013		1964	May 9, 2007	40
Pearland, TX	Freestanding ER	1,075	3,272			1,075	3,272	4,347	27		2014	September 8, 2014	40
Petersburg, VA	Rehabilitation hospital	1,302	9,121			1,302	9,121	10,423	1,482		2006	July 1, 2008	40
Poplar Bluff, MO	Acute care general hospital	2,659	38,694		1	2,660	38,694	41,354	6,462		1980	April 22, 2008	40
Port Arthur, TX	Acute care general hospital	3,000	72,341	1,062		4,062	72,341	76,403	2,349		2005	September 26, 2013	40
Portland, OR	Long term acute care hospital	3,085	17,859		2,559	3,071	20,432	23,503	3,869		1964	April 18, 2007	40
Post Falls, ID	Rehabilitation hospital	417	12,175	1,905		767	13,730	14,497	352		2013	December 31, 2013	40
Redding, CA	Acute care general hospital	1,555	53,863		13	1,555	53,876	55,431	9,999		1974	August 10, 2007	40
Redding, CA	Long term acute care hospital		19,952		4,361	1,629	22,684	24,313	5,189		1991	June 30, 2005	40
Richardson, TX	Rehabilitation hospital	2,219	17,419			2,219	17,419	19,638	1,960		2008	June 17, 2010	40
Addison, TX	Rehabilitation hospital	2,013	22,531			2,013	22,531	24,544	2,535		2008	June 17, 2010	40
San Dimas, CA	Acute care general hospital	6,160	6,839		34	6,160	6,873	13,033	1,046		1972	November 25, 2008	40
San Dimas, CA	Medical Office Building	1,915	5,085		18	1,915	5,103	7,018	778		1979	November 25, 2008	40
Sherman, TX	Acute care general hospital	4,491	24,802			4,491	24,802	29,293	109		1913, 1960-2010	October 31, 2014	40

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Sienna, TX	Freestanding ER	999	3,562		999	3,562	4,561	37	2014	August 20, 2014	40
Spartanburg, SC	Rehabilitation hospital	1,135	15,717		1,135	15,717	16,852	538	2013	August 1, 2013	40
Thornton, CO	Freestanding ER	1,350	3,793		1,350	3,793	5,143	32	2014	August 29, 2014	40
Tomball, TX	Long term acute care hospital	1,299	23,982		1,299	23,982	25,281	2,398	2005	December 21, 2010	40
Victoria, TX	Long term acute care hospital	625	7,197		625	7,197	7,822	1,454	1998	December 1, 2006	40
Victoria, TX	Rehabilitation hospital		10,412			10,412	10,412	254	2013	December 31, 2013	40
Anaheim, CA	Acute care general hospital	1,875	21,814	10	1,875	21,824	23,699	4,455	1964	November 8, 2006	40
Warwick, RI	Wellness Center	1,265	759		1,265	759	2,024	420	1979	April 22, 2008	10
West Monroe, LA	Acute care general hospital	12,000	69,433	552	12,552	69,433	81,985	2,216	1962	September 26, 2013	40
San Antonio, TX	Acute care general hospital	2,248	5,880		2,248	5,880	8,128	314	2012	October 14, 2011	40

Table of Contents

Index to Financial Statements

Location	Type of Property	Initial Costs		Additions Subsequent to Acquisition		Cost at December 31, 2014			Accumulated Depreciation	Encumbrances	Date of Construction	Date computed Acquired	Life on which depreciation in latest income statements is (Years)
		Land	Buildings	Improvements	Carrying Costs	Land	Buildings	Total					
(Amounts in thousands)													
West Valley City, UT	Acute care general hospital	5,516	58,314			5,516	58,314	63,830	9,738		1980	2008	40
Wichita, KS	Rehabilitation hospital				1	1,019	18,374	19,393	3,100		1992	2008	40
West Springfield, MA	Wellness Center	583	3,185			583	3,185	3,768	1,765		1976	2008	10
		\$ 184,596	\$ 1,809,242	\$ 20,910	\$ 25,979	\$ 192,551	\$ 1,848,176	\$ 2,040,727	\$ 181,441	\$ 13,683			

The changes in total real estate assets excluding construction in progress, intangible lease asset, investment in direct financing leases, and mortgage loans were as follows for the years ended:

	December 31, 2014	December 31, 2013	December 31, 2012
COST			
Balance at beginning of period	\$ 1,733,194	\$ 1,189,552	\$ 1,191,096
Acquisitions	263,811	480,503	9,460
Transfers from construction in progress	41,772	81,347	37,174
Additions	84,831	7,749	19,971
Dispositions	(56,590)	(28,616)	(68,149)
Other	(26,291)	2,659	
Balance at end of period	\$ 2,040,727	\$ 1,733,194	\$ 1,189,552

The changes in accumulated depreciation were as follows for the years ended:

	December 31, 2014	December 31, 2013	December 31, 2012
ACCUMULATED DEPRECIATION			
Balance at beginning of period	\$ 144,235	\$ 114,399	\$ 93,430
Depreciation	46,935	33,349	31,026
Depreciation on disposed property	(9,213)	(3,513)	(10,057)
Other	(516)		

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Balance at end of period	\$ 181,441	\$ 144,235	\$ 114,399
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Table of ContentsIndex to Financial Statements

SCHEDULE IV MORTGAGE LOANS ON REAL ESTATE

MEDICAL PROPERTIES TRUST, INC. AND MPT OPERATING PARTNERSHIP, L.P.

Column A	Column B	Column C	Column D	Column E	Column F	Column G(3)	Column H
Description	Interest Rate	Final Maturity Date	Periodic Payment Terms	Prior Liens	Face Amount of Mortgages	Carrying Amount of Mortgages	Principal Amount of Loans Subject to Delinquent Principal or Interest
Long-term first mortgage loan:			Payable in monthly installments of interest plus principal payable in full at maturity				
Desert Valley Hospital	10.9%	2022		(1)	\$ 70,000	\$ 70,000	(2)
Desert Valley Hospital	11.5%	2022		(1)	20,000	20,000	(2)
Desert Valley Hospital	11.5%	2015		(1)	12,500	12,500	(2)
Chino Valley Medical Center	10.9%	2022		(1)	50,000	50,000	(2)
Paradise Valley Hospital	10.4%	2022		(1)	25,000	25,000	(2)
Ernest Mortgage Loan(4)	9.4%	2032		(1)	100,000	100,000	(2)
Centinela Hospital Medical Center	10.8%	2022		(1)	100,000	100,000	(2)
Olympia Medical Center	11.0%	2024		(1)	20,000	20,000	(2)
					\$ 397,500	\$ 397,500	(5)

(1) There were no prior liens on loans as of December 31, 2014.

(2) The mortgage loan was not delinquent with respect to principal or interest.

(3) The aggregate cost for Federal income tax purposes is \$397,500.

(4) Mortgage loans covering four properties.

(5) Excludes unamortized loan issue costs of \$0.1 million at December 31, 2014.

Changes in mortgage loans (excluding unamortized loan issue costs) for the years ended December 31, 2014, 2013, and 2012 are summarized as follows:

	Year Ended December 31,		
	2014	2013	2012
	(Dollar amounts in thousands)		
Balance at beginning of year	\$ 388,650	\$ 368,650	\$ 165,000
Additions during year:			
New mortgage loans and additional advances on existing loans	12,500	20,000	203,650
	401,150	388,650	368,650

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Deductions during year:				
Collection of principal		(3,650)		
		(3,650)		
Balance at end of year		\$ 397,500	\$ 388,650	\$ 368,650

Table of Contents**Index to Financial Statements****INDEX TO EXHIBITS****Exhibit****Number****Exhibit Title**

3.1(1)	Medical Properties Trust, Inc. Second Articles of Amendment and Restatement
3.2(3)	Articles of Amendment of Second Articles of Amendment and Restatement of Medical Properties Trust, Inc.
3.3(6)	Articles of Amendment of Second Articles of Amendment and Restatement of Medical Properties Trust, Inc.
3.4(19)	Articles of Amendment to Second Articles of Amendment and Restatement of Medical Properties Trust, Inc.
3.5(2)	Medical Properties Trust, Inc. Second Amended and Restated Bylaws
4.1(1)	Form of Common Stock Certificate
4.2(4)	Indenture, dated July 14, 2006, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P. and the Wilmington Trust Company, as trustee
4.3(9)	Indenture, dated as of April 26, 2011, Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust Company, as Trustee.
4.4(26)	First Supplemental Indenture to 2011 Indenture, dated as of August 10, 2011, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.5(26)	Second Supplemental Indenture to 2011 Indenture, dated as of October 3, 2011, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.6(26)	Third Supplemental Indenture to 2011 Indenture, dated as of December 2, 2011, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.7(26)	Fourth Supplemental Indenture to 2011 Indenture, dated as of January 19, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.8(26)	Fifth Supplemental Indenture to 2011 Indenture, dated as of April 9, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.9(26)	Sixth Supplemental Indenture to 2011 Indenture, dated as of June 27, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.10(26)	Seventh Supplemental Indenture to 2011 Indenture, dated as of July 31, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.11(26)	Eighth Supplemental Indenture to 2011 Indenture, dated as of September 28, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.12(26)	Ninth Supplemental Indenture to 2011 Indenture, dated as of December 28, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.

Table of Contents**Index to Financial Statements****Exhibit**

Number	Exhibit Title
4.13(26)	Tenth Supplemental Indenture to 2011 Indenture, dated as of June 27, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.14(26)	Eleventh Supplemental Indenture to 2011 Indenture, dated as of August 8, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.15(26)	Twelfth Supplemental Indenture to 2011 Indenture, dated as of October 30, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.16(26)	Thirteenth Supplemental Indenture to 2011 Indenture, dated as of December 20, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.17*	Fourteenth Supplemental Indenture to 2011 Indenture, dated as of March 31, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.18(27)	Fifteenth Supplemental Indenture to 2011 Indenture, dated as of June 30, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.19*	Sixteenth Supplemental Indenture to 2011 Indenture, dated as of October 3, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.20(20)	Indenture, dated as of February 17, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.21(23)	First Supplemental Indenture to 2012 Indenture, dated as of April 9, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.22(23)	Second Supplemental Indenture to 2012 Indenture, dated as of June 27, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.23(23)	Third Supplemental Indenture to 2012 Indenture, dated as of July 31, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.24(23)	Fourth Supplemental Indenture to 2012 Indenture, dated as of September 28, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.25(23)	Fifth Supplemental Indenture to 2012 Indenture, dated as of December 26, 2012, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.26(23)	Sixth Supplemental Indenture to 2012 Indenture, dated as of June 27, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.27(23)	Seventh Supplemental Indenture to 2012 Indenture, dated as of August 8, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.

Table of Contents**Index to Financial Statements**

Exhibit	
Number	Exhibit Title
4.28(24)	Eighth Supplemental Indenture to 2012 Indenture, dated as of August 20, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.29(26)	Ninth Supplemental Indenture to 2012 Indenture, dated as of October 30, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.30(26)	Tenth Supplemental Indenture to 2012 Indenture, dated as of December 20, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.31(28)	Eleventh Supplemental Indenture to 2012 Indenture, dated as of March 31, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.32(27)	Twelfth Supplemental Indenture to 2012 Indenture, dated as of June 30, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.33*	Thirteenth Supplemental Indenture to 2012 Indenture, dated as of October 3, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.34(25)	Indenture, dated as of October 10, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.35(25)	First Supplemental Indenture to 2013 Indenture, dated as of October 10, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.36(26)	Second Supplemental Indenture to 2013 Indenture, dated as of October 30, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.37(26)	Third Supplemental Indenture to 2013 Indenture, dated as of December 20, 2013, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.38(28)	Fourth Supplemental Indenture to 2013 Indenture, dated as of March 31, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.39(29)	Fifth Supplemental Indenture to 2013 Indenture, dated as of April 17, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.40(27)	Sixth Supplemental Indenture to 2013 Indenture, dated as of June 30, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
4.41*	Seventh Supplemental Indenture to 2013 Indenture, dated as of October 3, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., MPT Finance Corporation, the Subsidiary Guarantors and Wilmington Trust, N.A., as Trustee.
10.1(11)	Second Amended and Restated Agreement of Limited Partnership of MPT Operating Partnership, L.P.
10.2(8)	Medical Properties Trust, Inc. 2013 Equity Incentive Plan

Table of Contents**Index to Financial Statements****Exhibit**

Number	Exhibit Title
10.3(7)	Form of Stock Option Award
10.4(7)	Form of Restricted Stock Award
10.5(7)	Form of Deferred Stock Unit Award
10.6(1)	Employment Agreement between Medical Properties Trust, Inc. and Edward K. Aldag, Jr., dated September 10, 2003
10.7(1)	First Amendment to Employment Agreement between Registrant and Edward K. Aldag, Jr., dated March 8, 2004
10.8(1)	Employment Agreement between Medical Properties Trust, Inc. and R. Steven Hamner, dated September 10, 2003
10.9(1)	Employment Agreement between Medical Properties Trust, Inc. and Emmett E. McLean, dated September 10, 2003
10.10(1)	Form of Indemnification Agreement between Medical Properties Trust, Inc. and executive officers and directors
10.11(11)	Form of Medical Properties Trust, Inc. 2007 Multi-Year Incentive Plan Award Agreement (LTIP Units)
10.12(11)	Form of Medical Properties Trust, Inc. 2007 Multi-Year Incentive Plan Award Agreement (Restricted Shares)
10.13(16)	Second Amendment to Employment Agreement between Medical Properties Trust, Inc. and Edward K. Aldag, Jr., dated September 29, 2006
10.14(16)	First Amendment to Employment Agreement between Medical Properties Trust, Inc. and R. Steven Hamner, dated September 29, 2006
10.15(16)	First Amendment to Employment Agreement between Medical Properties Trust, Inc. and Emmett E. McLean, dated September 29, 2006
10.16(17)	Second Amendment to Employment Agreement between Medical Properties Trust, Inc. and William G. McKenzie, dated February 27, 2009
10.17(17)	Second Amendment to Employment Agreement between Medical Properties Trust, Inc. and Emmett E. McLean, dated January 1, 2008
10.18(17)	Third Amendment to Employment Agreement between Medical Properties Trust, Inc. and Emmett E. McLean, dated January 1, 2009
10.19(17)	Second Amendment to Employment Agreement between Medical Properties Trust, Inc. and Richard S. Hamner, dated January 1, 2008
10.20(17)	Third Amendment to Employment Agreement between Medical Properties Trust, Inc. and R. Steven Hamner, dated January 1, 2009
10.21(17)	Third Amendment to Employment Agreement between Medical Properties Trust, Inc. and Edward K. Aldag, Jr., dated January 1, 2008
10.22(17)	Fourth Amendment to Employment Agreement between Medical Properties Trust, Inc. and Edward K. Aldag, Jr., dated January 1, 2009
10.23(17)	Third Amendment to Employment Agreement between Medical Properties Trust, Inc. and William G. McKenzie, dated January 1, 2008
10.24(17)	Fourth Amendment to Employment Agreement between Registrant and William G. McKenzie, dated January 1, 2009

Table of Contents**Index to Financial Statements**

Exhibit	
Number	Exhibit Title
10.25(9)	Amended and Restated Revolving Credit and Term Loan Agreement, dated as of April 26, 2011, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., KeyBank National Association as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent
10.26(30)	Amended and Restated Revolving Credit and Term Loan Agreement, dated as of June 19, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., the several lenders from time to time party thereto, Bank of America, N.A., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent.
10.27*	First Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of October 17, 2014, among Medical Properties Trust, Inc., MPT Operating Partnership, L.P., the several lenders from time to time party thereto, Bank of America, N.A., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent.
10.28(19)	Master Sublease Agreement between certain subsidiaries of MPT Development Services, Inc. as Lessor, and certain subsidiaries of Ernest Health, Inc., as Lessee.
10.29(22)	Master Lease Agreement I between certain subsidiaries of MPT Operating Partnership, LP, as Lessor, and certain subsidiaries of Prime Healthcare Services, Inc., as Lessee and related first amendment and Master Lease Agreement II between certain subsidiaries of MPT Operating Partnership, LP, as Lessor, and certain subsidiaries of Prime Healthcare Services, Inc., as Lessee and related first amendment.
12.1*	Statement re Computation of Ratios
21.1*	Subsidiaries of Medical Properties Trust, Inc.
23.1*	Consent of PricewaterhouseCoopers LLP
23.2*	Consent of PricewaterhouseCoopers LLP
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (Medical Properties Trust, Inc.)
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (Medical Properties Trust, Inc.)
31.3*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (MPT Operating Partnership, L.P.)
31.4*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. (MPT Operating Partnership, L.P.)
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Medical Properties Trust, Inc.)
32.2*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (MPT Operating Partnership, L.P.)
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

Table of Contents**Index to Financial Statements**

Exhibit	Exhibit Title
Number	Exhibit Title
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

- (1) Incorporated by reference to Registrant's Registration Statement on Form S-11 filed with the Commission on October 26, 2004, as amended (File No. 333-119957).
- (2) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on November 24, 2009.
- (3) Incorporated by reference to Registrant's quarterly report on Form 10-Q for the quarter ended September 30, 2005, filed with the Commission on November 10, 2005.
- (4) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on July 20, 2006.
- (5) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on November 13, 2006.
- (6) Incorporated by reference to the Registrant's current report on Form 8-K, filed with the Commission on January 13, 2009.
- (7) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on October 18, 2005.
- (8) Incorporated by reference to Registrant's definitive proxy statement on Schedule 14A, filed with the Commission on April 26, 2013.
- (9) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on May 2, 2011.
- (10) Incorporated by reference to Registrant's quarterly report on Form 10-Q for the quarter ended September 30, 2007, filed with the Commission on November 9, 2007.
- (11) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on August 6, 2007, as amended by Medical Properties Trust, Inc.'s current report on Form 8-K/A, filed with the Commission on August 15, 2007.
- (12) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on August 15, 2007.
- (13) Reserved.
- (14) Incorporated by reference to Registrant's quarterly report on Form 10-Q for the quarter ended March 31, 2008, filed with the Commission on May 9, 2008.
- (15) Incorporated by reference to Registrant's quarterly report on Form 10-Q for the quarter ended June 30, 2008, filed with the Commission on August 8, 2008.
- (16) Incorporated by reference to Registrant's annual report on Form 10-K/A for the period ended December 31, 2007, filed with the Commission on July 11, 2008.
- (17) Incorporated by reference to Registrant's annual report on Form 10-K for the period ended December 31, 2008, filed with the Commission on March 13, 2009.
- (18) Incorporated by reference to Registrant's current report on Form 8-K, filed with the Commission on June 11, 2010.
- (19) Incorporated by reference to Medical Properties Trust, Inc.'s current report on Form 8-K, filed with the Commission on January 31, 2012.
- (20) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on February 24, 2012.
- (21) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on March 15, 2012.
- (22) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s quarterly report on Form 10-Q, filed with the Commission on November 9, 2012.

Table of Contents

Index to Financial Statements

- (23) Incorporated by reference to Medical Properties Trust, Inc., MPT Operating Partnership, L.P. and MPT Finance Corporation's registration statement on Form S-3, filed with the Commission on August 9, 2013.
- (24) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on August 20, 2013.
- (25) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on October 16, 2013.
- (26) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s annual report on Form 10-K, filed with the Commission on March 3, 2014.
- (27) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s quarterly report on Form 10-Q, filed with the Commission on August 11, 2014.
- (28) Incorporated by reference to Medical Properties Trust, Inc., MPT Operating Partnership, L.P. and MPT Finance Corporation's post-effective amendment to registration statement on Form S-3, filed with the Commission on April 10, 2014.
- (29) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on April 23, 2014.
- (30) Incorporated by reference to Medical Properties Trust, Inc. and MPT Operating Partnership, L.P.'s current report on Form 8-K, filed with the Commission on June 25, 2014.